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LEGISLATIVE HISTORY
Public Law 27--77th Congress
Chapter 39--1st Session
H. R. 3546

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SUMMARY OF PUBLIC LAW 27

AGRICULTURAL ADJUSTMENT ACT OF 1938 AMENDMENT RELATING TO COMMERCE IN PEANUTS. Requires the Secretary, between July 1 and December 1 of each year, to proclaim the national marketing quota for peanuts for the succeeding year, this amount to equal the average of the 5 preceding years, adjusted for current trend and prospective demand and conditions. Makes the minimum national marketing quota for 1941 1,610,000 acres, and requires subsequent quotas to be at least 95 percent of the 1941 quota. Provides for referenda on such quotas. Provides for apportionment of the national acreage allotment among the States. Provides for acreage allotment apportionment to individual farms and allotments to new farms. Provides for a penalty of 3 cents per pound on excess marketings, unless delivered to and marketed by agencies designated by the Secretary. Provides an additional penalty of \$25 per acre or fraction thereof where peanuts produced on one farm are falsely reported as having been produced on another farm or if there is a failure to report on the disposition of peanuts available for marketing. Provides for use of excess peanuts for oil. Exempts from this act's provisions farms on which the acreage harvested for nuts is one acre or less. Provides that, if not less than $\frac{2}{3}$ of the farmers voting in a referendum approve marketing quotas, a peanut loan program shall be in effect with respect to peanuts produced in the next year, but that no loan program shall be in effect if more than $\frac{1}{3}$ oppose the marketing quotas. Directs the Commodity Credit Corporation to make available peanut loans, when marketing quotas are in effect, of between 50 and 75 percent of parity. Prevents this act from affecting authority to establish new peanut uses or expand peanut markets. Amends the Agricultural Adjustment Act of 1938 in particulars necessary to set up enforcement of marketing quotas for peanuts.

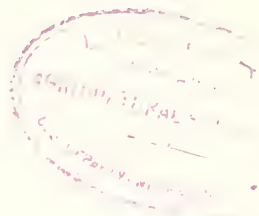
INDEX AND SUMMARY OF HISTORY ON H. R. 3546.

January 3, 1941	H. R. 994 was introduced by Rep. Pace. Print of the bill as introduced. (Similar bill).
January 31, 1941	H. R. 2983 was introduced by Rep. Pace. Print of the bill as introduced. (Similar bill).
February 3, 1941	Hearings: House, H. R. 2983.
February 10, 1941	S. 826 was introduced by Senator Bankhead. Print of the bill as introduced. (Companion bill).
February 24, 1941	H. R. 3546 was introduced by Rep. Pace and was referred to the House Committee on Agriculture. Print of the bill as introduced.
February 25, 1941	House Committee on Agriculture reported H. R. 3546 without amendment. H. Rept. 147. Print of the bill as reported.
February 27, 1941	Rules Committee reported H. Res. 115 for the consideration of H. R. 3546. H. Rept. 164. Print of the Resolution.
February 28, 1941	H. R. 3546 was debated in the House and passed without amendment.
March 1, 1941	Print of H. R. 3546 as referred to the Senate Committee on Agriculture and Forestry.
March 10, 1941	Hearings: Senate, S. 826.
March 12, 1941	Senate Committee vacated action on S. 826 and reported H. R. 3546 with amendments. Senate Rept. 99. Print of the bill as reported.
March 13, 1941	H. R. 3546 was debated in the Senate and passed as reported. Senate Conferees appointed.
March 14, 1941	House appointed the following Conferees: Reps. Fulmer, Doxey, Pace, Hope, and Kinzer.
March 19, 1941	Conference Rept., House Rept. 287, submitted in the House.
March 20, 1941	Conference Report submitted in the Senate.
March 24, 1941	House and Senate agreed to the Conference Report.
April 3, 1941	Approved. Public Law 27.



77TH CONGRESS
1ST SESSION

H. R. 994



IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1941

Mr. PACE (by request) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*

3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of subtitle
5 B thereof the following new part:

6 "PART VI—MARKETING QUOTAS—PEANUTS

7 "LEGISLATIVE FINDINGS

8 "SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and the
4 persons engaged in the marketing and processing thereof
5 are unable to regulate effectively the orderly marketing of
6 the commodity. As the quantity of peanuts marketed in the
7 channels of interstate and foreign commerce increases above
8 the quantity of peanuts needed for cleaning and shelling, the
9 prices at which all peanuts are marketed are depressed to low
10 levels. These low prices tend to cause the quantity of pea-
11 nuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketings of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the chan-
16 nels of interstate and foreign commerce. Since these unstable
17 and chaotic conditions have existed for a period of years and
18 are likely, without proper regulation, to continue to exist, it
19 is imperative that the marketing of peanuts for cleaning and
20 shelling and for crushing for oil in interstate and foreign com-
21 merce be regulated in order to protect producers, handlers,
22 processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the allotment is proclaimed equal to the average
6 quantity of peanuts harvested for nuts during the five
7 years immediately preceding the year in which such quota
8 is proclaimed, adjusted for current trends and prospective
9 demand conditions, and the quota so proclaimed shall be
10 in effect with respect to such crop. The national marketing
11 quota for peanuts for any year shall be converted to a
12 national acreage allotment by dividing such quota by the
13 normal yield per acre of peanuts for the United States
14 determined by the Secretary on the basis of the average
15 yield per acre of peanuts in the five years preceding the
16 year in which the quota is proclaimed, with such adjust-
17 ments as may be found necessary to correct for trends in
18 yields and for abnormal conditions of production affecting
19 yields in such five years: *Provided*, That the national
20 marketing quota established for the crop produced in the
21 calendar year 1941 shall be a quantity of peanuts sufficient
22 to provide a national acreage allotment of not less than
23 one million six hundred and ten thousand acres, and that the
24 national marketing quota established for any subsequent
25 year shall be a quantity of peanuts sufficient to provide a

1 national acreage allotment of not less than 90 per centum
2 of that established for the crop produced in the calendar
3 year 1941.

4 “(b) Not later than December 15 of each calendar year
5 the Secretary shall conduct a referendum of farmers engaged
6 in the production of peanuts in the calendar year in which
7 the referendum is held to determine whether such farmers
8 are in favor of or opposed to marketing quotas with respect
9 to the crops of peanuts produced in the three calendar years
10 immediately following the year in which the referendum is
11 held, except that, if as many as two-thirds of the farmers
12 voting in any referendum vote in favor of marketing quotas,
13 no referendum shall be held with respect to quotas for the
14 second and third years of the period. The Secretary shall
15 proclaim the results of the referendum within thirty days
16 after the date on which it is held, and, if more than one-
17 third of the farmers voting in the referendum vote against
18 marketing quotas, the Secretary also shall proclaim that
19 marketing quotas will not be in effect with respect to the
20 crop of peanuts produced in the calendar year immediately
21 following the calendar year in which the referendum is held.
22 Notwithstanding the provisions of subsections (a) and (b)
23 of this section, the Secretary shall proclaim a national
24 marketing quota with respect to the crop of peanuts pro-
25 duced in the calendar year 1941 and shall provide for the

1 holding of a referendum on such quota within thirty days
2 after the date upon which this Act becomes effective.

3 “(c) The national acreage allotment shall be appor-
4 tioned among States on the basis of the average acreage
5 of peanuts harvested for nuts in the five years preceding
6 the year in which the national allotment is determined,
7 with adjustments for trends, abnormal conditions of produc-
8 tion, and the State peanut-acreage allotment for the crop
9 immediately preceding the crop for which the allotment
10 hereunder is established: *Provided*, That the allotment estab-
11 lished for any State shall be not less than 90 per centum
12 of the allotment established for such State for the crop pro-
13 duced in the calendar year 1941.

14 “(d) The Secretary shall provide for apportionment of
15 the State acreage allotment for any State through local com-
16 mittees among farms on which peanuts were grown in any
17 of the three years immediately preceding the year for which
18 such allotment is determined. Such apportionment shall be
19 made on the basis of the tillable acreage available for the
20 production of peanuts and the past acreage of peanuts on the
21 farm, taking into consideration the peanut acreage allotments
22 established for the farm under previous agricultural adjust-
23 ment and conservation programs. The amount of the market-
24 ing quota for each farm shall be the actual production of
25 the farm acreage allotment, and no peanuts shall be marketed

1 under the quota for any farm other than peanuts actually
2 produced on the farm.

3 "MARKETING PENALTIES

4 "SEC. 359. (a) The marketing of any peanuts in excess
5 of the marketing quota for the farm on which such peanuts
6 are produced, or the marketing of peanuts from any farm
7 for which no acreage allotment was determined, shall be
8 subject to a penalty of 3 cents per pound, except as provided
9 in subsection (b) of this section. Such penalty shall be
10 paid by the person who buys or otherwise acquires the pea-
11 nuts from the producer, or, if the peanuts are sold by the
12 producer through an agent, the penalty shall be paid by
13 such agent, and such person or agent may deduct an amount
14 equivalent to the penalty from the price paid to the producer.
15 If the person required to collect the penalty fails to collect
16 such penalty, such person and the producer shall be jointly
17 and severally liable for the amount of the penalty. If, in
18 the course of marketing, any peanuts produced on one farm
19 are falsely identified by a representation that such peanuts
20 were produced on another farm, or, if there is a failure to
21 make a report of the disposition of peanuts available for
22 marketing from any farm, each person participating in the
23 false identification of the peanuts or failing to make a report
24 of the disposition of such peanuts as required by regulations
25 issued by the Secretary shall be subject to a penalty of \$25

1 for each acre, or fraction thereof, of peanuts harvested in
2 excess of the farm acreage allotment for the farm on which
3 such peanuts were produced and such penalty shall be in
4 addition to any other penalty due hereunder.

5 “(b) Payment of the penalty of 3 cents per pound upon
6 the marketing of peanuts as provided in subsection (a) above
7 will not be required if such excess peanuts are delivered to
8 and marketed through an agency or agencies designated each
9 year by the Secretary. Any peanuts received under this
10 subsection by such agency shall be sold by such agency for
11 crushing for oil under a sales agreement approved by the
12 Secretary, or for cleaning and shelling at prices not less than
13 those established under any peanut diversion or peanut loan
14 program operated by the Secretary. For all peanuts so de-
15 livered under this subsection, producers shall be paid the
16 market value thereof for crushing for oil as of the date of
17 such delivery, less the estimated cost of storing, handling,
18 and selling such peanuts. Any person who purchases pea-
19 nuts for crushing for oil under the provisions of this sub-
20 section, and who uses such peanuts for purposes other than
21 for crushing into oil, shall be guilty of a misdemeanor and
22 upon conviction therefor shall be fined not more than \$1,000,
23 or imprisoned for not more than one year, or both. Opera-
24 tions under this subsection shall be carried on under regula-
25 tions prescribed by the Secretary, and the operations of any

1 agency designated to receive and market peanuts may be
2 separate from or combined with operations of other agencies.

3 “(c) The provisions of this part shall not apply to pea-
4 nuts produced on any farm on which the acreage harvested
5 for nuts is one acre or less, or to the marketing of peanuts
6 in an amount of less than five thousand pounds which are
7 parched, boiled, salted, or otherwise processed by the pro-
8 ducer thereof and marketed entirely by him in the community
9 or other local area in which such peanuts were grown.

10 “(d) The word ‘peanuts’ wherever used in this Act
11 means peanuts which are picked and threshed by mechanical
12 means.

13 “(e) If, in any referendum carried out pursuant to sub-
14 section (b) of section 358, marketing quotas with respect
15 to peanuts are opposed by more than one-third of the
16 farmers voting in such referendum, no peanut-diversion pro-
17 gram or peanut loan shall be in effect with respect to the
18 crop produced in the calendar year immediately following
19 that in which the referendum is held. If quotas are ap-
20 proved by not less than two-thirds of the farmers voting
21 in such referendum, either a peanut-diversion program or
22 a peanut loan shall be in effect with respect to the crops
23 of peanuts produced in the three calendar years immediately
24 following the year in which the referendum is held.”

25 SEC. 2. Paragraph (1) (B) of subsection (b) of sec-

tion 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word "cotton" the words "or peanuts".

SEC. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

"(E) 'Market', in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos."

SEC. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 5. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice", wherever it appears in the first sentence thereof, the word "peanuts" and a comma, by striking out the word "and" following the word "producers" in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the

1 following: "all brokers and dealers in peanuts and all peanut
2 growers' cooperative associations, all persons engaged in
3 the business of cleaning, shelling, crushing, and salting of
4 peanuts and the manufacture of peanut products, and all
5 persons owning or operating peanut-picking or peanut-
6 threshing machines."

7 SEC. 6. Subsection (b) of section 373 of subtitle C of
8 title III of the Agricultural Adjustment Act of 1938, as
9 amended, is amended by inserting after the comma following
10 the word "rice" the word "peanuts" and a comma.

11 SEC. 7. Section 374 of subtitle C of title III of the
12 Agricultural Adjustment Act of 1938, as amended, is
13 amended by inserting after the comma following the word
14 "cotton" the word "peanuts" and a comma.

15 SEC. 8. Subsection (a) of section 375 of subtitle C of
16 title III of the Agricultural Adjustment Act of 1938, as
17 amended, is amended by inserting after the comma following
18 the word "rice" the word "peanuts" and a comma.

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

By Mr. Pace

JANUARY 3, 1941

Referred to the Committee on Agriculture

77TH CONGRESS
1ST SESSION

H. R. 2983

IN THE HOUSE OF REPRESENTATIVES

JANUARY 31, 1941

Mr. PACE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of sub-
5 title B thereof the following new part:

6 “PART VI—MARKETING QUOTAS—PEANUTS

7 “LEGISLATIVE FINDINGS

8 “SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and
4 the persons engaged in the marketing and processing thereof
5 are unable to regulate effectively the orderly marketing of
6 the commodity. As the quantity of peanuts marketed in
7 the channels of interstate and foreign commerce increases
8 above the quantity of peanuts need for cleaning and shelling,
9 the prices at which all peanuts are marketed are depressed to
10 low levels. These low prices tend to cause the quantity of
11 peanuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketings of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the
16 channels of interstate and foreign commerce. Since these
17 unstable and chaotic conditions have existed for a period of
18 years and are likely, without proper regulation, to continue
19 to exist, it is imperative that the marketing of peanuts for
20 cleaning and shelling and for crushing for oil in interstate
21 and foreign commerce be regulated in order to protect pro-
22 ducers, handlers, processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the quota is proclaimed equal to the average quan-
6 tity of peanuts harvested for nuts during the five years
7 immediately preceding the year in which such quota is pro-
8 claimed, adjusted for current trends and prospective demand
9 conditions, and the quota so proclaimed shall be in effect
10 with respect to such crop. The national marketing quota
11 for peanuts for any year shall be converted to a national
12 acreage allotment by dividing such quota by the normal
13 yield per acre of peanuts for the United States determined
14 by the Secretary on the basis of the average yield per acre
15 of peanuts in the five years preceding the year in which the
16 quota is proclaimed, with such adjustments as may be found
17 necessary to correct for trends in yields and for abnormal
18 conditions of production affecting yields in such five years:
19 *Provided*, That the national marketing quota established for
20 the crop produced in the calendar year 1941 shall be a
21 quantity of peanuts sufficient to provide a national acreage
22 allotment of not less than one million six hundred and ten
23 thousand acres, and that the national marketing quota estab-
24 lished for any subsequent year shall be quantity of peanuts
25 sufficient to provide a national acreage allotment of not less

1 than 90 per centum of that established for the crop produced
2 in the calendar year 1941.

3 “(b) Not later than December 15 of each calendar year
4 the Secretary shall conduct a referendum of farmers engaged
5 in the production of peanuts in the calendar year in which
6 the referendum is held to determine whether such farmers
7 are in favor of or opposed to marketing quotas with respect
8 to the crops of peanuts produced in the three calendar years
9 immediately following the year in which the referendum
10 is held, except that, if as many as two-thirds of the farmers
11 voting in any referendum vote in favor of marketing quotas,
12 no referendum shall be held with respect to quotas for the
13 second and third years of the period. The Secretary shall
14 proclaim the results of the referendum within thirty days
15 after the date of which it is held, and, if more than one-third
16 of the farmers voting in the referendum vote against market-
17 ing quotas, the Secretary also shall proclaim that marketing
18 quotas will not be in effect with respect to the crop of
19 peanuts produced in the calendar year immediately follow-
20 ing the calendar year in which the referendum is held.
21 Notwithstanding the provisions of subsections (a) and (b)
22 of this section, the Secretary shall proclaim a national mar-
23 keting quota with respect to the crop of peanuts produced
24 in the calendar year 1941 and shall provide for the holding

1 of a referendum on such quota within thirty days after the
2 date upon which this Act becomes effective.

3 “(c) The national acreage allotment shall be appor-
4 tioned among States on the basis of the average acreage of
5 peanuts harvested for nuts in the five years preceding the
6 year in which the national allotment is determined, with
7 adjustments for trends, abnormal conditions of production,
8 and the State peanut-acreage allotment for the crop imme-
9 diately preceding the crop for which the allotment hereunder
10 is established: *Provided*, That the allotment established for
11 any State for any year subsequent to 1941 shall be not
12 less than 90 per centum of the allotment established for
13 such State for the crop produced in the calendar year 1941.

14 “(d) The Secretary shall provide for apportionment
15 of the State acreage allotment for any State through local
16 committees among farms on which peanuts were grown
17 in any of the three years immediately preceding the year
18 for which such allotment is determined. Such apporportion-
19 ment shall be made on the basis of the tillable acreage avail-
20 able for the production of peanuts and the past acreage of
21 peanuts on the farm, taking into consideration the peanut-
22 acreage allotments established for the farm under previous
23 agricultural adjustment and conservation programs. The
24 amount of the marketing quota for each farm shall be the

1 actual production of the farm-acreage allotment, and no pea-
2 nuts shall be marketed under the quota for any farm other
3 than peanuts actually produced on the farm.

4 "MARKETING PENALTIES

5 "SEC. 359. (a) The marketing of any peanuts in ex-
6 cess of the marketing quota for the farm on which such
7 peanuts are produced, or the marketing of peanuts from
8 any farm for which no acreage allotment was determined,
9 shall be subject to a penalty of 3 cents per pound, except
10 as provided in subsection (b) of this section. Such penalty
11 shall be paid by the person who buys or otherwise acquires
12 the peanuts from the producer, or, if the peanuts are sold
13 by the producer through an agent, the penalty shall be
14 paid by such agent, and such person or agent may deduct
15 an amount equivalent to the penalty from the price paid to
16 the producer. The Secretary may require collection of the
17 penalty upon a portion of each lot of peanuts marketed from
18 the farm equal to the proportion which the acreage of pea-
19 nuts in excess of the farm-acreage allotment is of the total
20 acreage of peanuts on the farm. If the person required to
21 collect the penalty fails to collect such penalty, such person
22 and the producer shall be jointly and severally liable for
23 the amount of the penalty. All funds collected pursuant to
24 this section shall be deposited in a special deposit account
25 with the Treasurer of the United States and such amounts

1 as are determined, in accordance with regulations prescribed
2 by the Secretary, to be penalties incurred shall be trans-
3 ferred to the general fund of the Treasury of the United
4 States. Amounts collected in excess of determined penal-
5 ties shall be paid to such producers as the Secretary deter-
6 mines, in accordance with regulations prescribed by him,
7 bore the burden of the payment of the amount collected.
8 Such special account shall be administered by the Secretary
9 and the basis for, the amount of, and the producer entitled
10 to receive a payment from such account, when determined
11 in accordance with regulations prescribed by the Secretary,
12 shall be final and conclusive. If, in the course of market-
13 ing, any peanuts produced on one farm are falsely identified
14 by a representation that such peanuts were produced on
15 another farm, or, if there is a failure to make a report of
16 the disposition of peanuts available for marketing from any
17 farm, each person participating in the false identification
18 of the peanuts or failing to make a report of the disposition
19 of such peanuts as required by regulations issued by the
20 Secretary shall be subject to a penalty of \$25 for each acre,
21 or fraction thereof, of peanuts harvested in excess of the farm-
22 acreage allotment for the farm on which such peanuts were
23 produced and such penalty shall be in addition to any other
24 penalty due hereunder.

25 “ (b) Payment of the penalty of 3 cents per pound upon

1 the marketing of peanuts as provided in subsection (a) above
2 will not be required if such excess peanuts are delivered to
3 and marketed through an agency or agencies designated each
4 year by the Secretary. Any peanuts received under this
5 subsection by such agency shall be sold by such agency for
6 crushing for oil under a sales agreement approved by the
7 Secretary, or for cleaning and shelling at prices not less than
8 those established under any peanut diversion or peanut loan
9 program operated by the Secretary. For all peanuts so
10 delivered under this subsection, producers shall be paid for
11 the portion of the lot constituting excess peanuts the market
12 value thereof for crushing for oil as of the date of such
13 delivery, less the estimated cost of storing, handling, and
14 selling such peanuts. Any person who acquires peanuts for
15 crushing for oil under the provisions of this subsection, and
16 who uses or disposes of such peanuts for purposes other
17 than for crushing into oil, shall be guilty of a misdemeanor
18 and upon conviction therefor shall be fined not more than
19 \$1,000 or imprisoned for not more than one year, or both.
20 Operations under this subsection shall be carried on under
21 regulations prescribed by the Secretary, and the operations
22 of any agency designated to receive and market peanuts
23 may be separate from or combined with operations of other
24 agencies.

25 “(c) The provisions of this part shall not apply to

1 peanuts produced on any farm on which the acreage har-
2 vested for nuts is one acre or less.

3 “(d) The word ‘peanuts’ wherever used in this Act
4 means peanuts which are picked and threshed by mechanical
5 means.

6 “(e) If, in any referendum carried out pursuant to sub-
7 section (b) of section 358, marketing quotas with respect
8 to peanuts are opposed by more than one-third of the farmers
9 voting in such referendum, no peanut-diversion program or
10 peanut loan shall be in effect with respect to the crop pro-
11 duced in the calendar year immediately following that in
12 which the referendum is held. If quotas are approved by
13 not less than two-thirds of the farmers voting in such referen-
14 dum, either a peanut-diversion program or a peanut loan shall
15 be in effect with respect to the crops of peanuts produced in
16 the three calendar years immediately following the year in
17 which the referendum is held. If a referendum is held in
18 1941 with respect to the crop produced in 1941, the provi-
19 sions of this subsection (e) shall apply as though such refer-
20 endum had been held in the calendar year 1940.

21 “(f) There is hereby authorized to be appropriated, each
22 fiscal year beginning with the fiscal year 1941, out of any
23 moneys in the Treasury not otherwise appropriated, such
24 sums as may be necessary for the purposes set forth in this

1 subsection and for the expenses of administering this sub-
2 section.”

3 SEC. 2. Paragraph (1) (B) of subsection (b) of sec-
4 tion 301 of subtitle A of title III of the Agricultural Adjust-
5 ment Act of 1938, as amended, is amended by inserting
6 immediately following the word “cotton” the words “or
7 peanuts”.

8 SEC. 3. Paragraph (6) of subsection (b) of section
9 301 of subtitle A of title III of the Agricultural Adjustment
10 Act of 1938, as amended, is amended by adding the follow-
11 ing new paragraph:

12 “(E) ‘Market’, in the case of peanuts, means to dispose
13 of peanuts, including farmers’ stock peanuts, shelled pea-
14 nuts, cleaned peanuts, or peanuts in processed form, by
15 voluntary or involuntary sale, barter, or exchange, or by
16 gift inter vivos.”

17 SEC. 4. Section 361 of subtitle C of title III of the
18 Agricultural Adjustment Act of 1938, as amended, is
19 amended by inserting after the comma following the word
20 “cotton” the word “peanuts” and a comma.

21 SEC. 5. Subsection (b) of section 371 of subtitle C of
22 title III of the Agricultural Adjustment Act of 1938, as
23 amended, is amended by inserting after the comma following
24 the word “rice” the word “peanuts” and a comma.

1 SEC. 6. Subsection (a) of section 373 of subtitle C
2 of title III of the Agricultural Adjustment Act of 1938, as
3 amended, is amended by inserting after the comma follow-
4 ing the word "rice" wherever it appears in the first sen-
5 tence thereof, the word "peanuts" and a comma, by strik-
6 ing out the word "and" following the word "producers"
7 in such first sentence; and by striking out the period at the
8 end of such first sentence and inserting in lieu thereof a
9 comma and the following: "all brokers and dealers in
10 peanuts, all agents marketing peanuts for producers, or
11 acquiring peanuts for buyers and dealers, and all peanut
12 growers' cooperative associations, all persons engaged in
13 the business of cleaning, shelling, crushing, and salting of
14 peanuts and the manufacture of peanut products, and all
15 persons owning or operating peanut-picking or peanut-
16 threshing machines."

17 SEC. 7. Subsection (b) of section 373 of subtitle C of
18 title III of the Agricultural Adjustment Act of 1938, as
19 amended, is amended by inserting after the comma follow-
20 ing the word "rice" the word "peanuts" and a comma.

21 SEC. 8. Section 374 of subtitle C of title III of the
22 Agricultural Adjustment Act of 1938, as amended, is
23 amended by inserting after the comma following the word
24 "cotton" the word "peanuts" and a comma.

1 SEC. 9. Subsection (a) of section 375 of subtitle C
 2 of title III of the Agricultural Adjustment Act of 1938, as
 3 amended, is amended by inserting after the comma follow-
 4 ing the word "rice" the word "peanuts" and a comma.

77th CONGRESS
 1st Session

H. R. 2983

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

By Mr. PAGE

JANUARY 31, 1941

Referred to the Committee on Agriculture

MARKETING QUOTAS—PEANUTS

HEARING

BEFORE A

SUBCOMMITTEE OF

THE COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

SEVENTY-SEVENTH^{U.S.} CONGRESS

FIRST SESSION

ON

H. R. 2983

A BILL TO AMEND THE AGRICULTURAL ADJUSTMENT
ACT OF 1938, AS AMENDED, FOR THE PURPOSE
OF REGULATING INTERSTATE AND FOR-
EIGN COMMERCE IN PEANUTS,
AND FOR OTHER PURPOSES

FEBRUARY 3, 4, AND 5, 1941

Serial A

Printed for the use of the Committee on Agriculture



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SUBCOMMITTEE NO. 1

Mr. DOXEY, *Chairman*

Mr. PIERCE
Mr. PACE
Mr. POAGE
Mr. GRANT

Mr. HOPE
Mr. GILCHRIST
Mr. MURRAY
Mr. RIZLEY

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REGULATION OF PEANUTS IN INTERSTATE AND FOREIGN COMMERCE

MONDAY, FEBRUARY 3, 1941

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met, pursuant to call, at 10 a. m., in the hearing room of the Committee on Interstate and Foreign Commerce, New House Office Building, Hon. Wall Doxey, presiding.

Mr. DOXEY. The committee will please be in order.

We have called the meeting of this subcommittee this morning, and, of course, it is applicable to most of those people who are interested in peanuts.

We appreciate the use of this committee room, as we are unable to use our own committee room on account of some extensive repairs. We will be permitted to use this room today and tomorrow, and I do not know whether we will use it Wednesday or not.

At the beginning I just want to make this suggestion: This committee never endeavors to outline procedure in the hearings on a bill. We want you people who are interested in this problem to manage your own hearings, but we are going to respectfully ask that when you select your witnesses to testify, do not have a whole lot of cumulative facts. This committee, all of us, are more or less familiar with the problem—some of us more than others.

So far as the committee is concerned, of course, Mr. Pace is the one member on this committee who is not only vitally interested in peanuts, but he has given a great deal of thought and study to the subject.

Of course, when we start hearings we go into the general subject, and none of us know just what the final recommendations of the subcommittee are going to be to the full committee nor what action the full committee will take; but we have to have something specific to work on, as a rule; so, for the purpose of starting these hearings this morning, there is to be used as a basis H. R. 2983. It is a bill introduced by Mr. Pace, our colleague from Georgia.

I think the proper way to begin these hearings would be, Mr. Pace, for you to just make whatever statement you desire to make, and then after you conclude what you might have to say we can then determine what witnesses will follow. We will be glad to hear from you, Mr. Pace, in regard to your bill and the proposed problem regarding peanuts.

(The bill is as follows:)

[H. R. 2983, 77th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the Agricultural Adjustment Act

of 1938, as amended, is amended by inserting after part V of subtitle B thereof the following new part:

"PART VI—MARKETING QUOTAS—PEANUTS

"LEGISLATIVE FINDINGS

"SEC. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketings of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

"MARKETING QUOTAS

"SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 90 per centum of that established for the crop produced in the calendar year 1941.

"(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date of which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding the provisions of subsections (a) and (b) of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective.

"(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the five years preced-

ing the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut-acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: *Provided*, That the allotment established for any State for any year subsequent to 1941 shall be not less than 90 per centum of the allotment established for such State for the crop produced in the calendar year 1941.

"(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

"MARKETING PENALTIES

"SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are sold by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and the producer shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by a representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

"(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut diversion or peanut loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the

operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

"(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

"(d) The word 'peanuts' wherever used in this Act means peanuts which are picked and threshed by mechanical means.

"(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-diversion program or peanut loan shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, either a peanut-diversion program or a peanut loan shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection (e) shall apply as though such referendum had been held in the calendar year 1940.

"(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this subsection and for the expenses of administering this subsection."

SEC. 2. Paragraph (1) (B) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word "cotton" the words "or peanuts".

SEC. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

"(E) 'Market', in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift *inter vivos*."

SEC. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 5. Subsection (b) of section 371 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 6. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" wherever it appears in the first sentence thereof, the word "peanuts" and a comma, by striking out the word "and" following the word "producers" in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the following: "all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines."

SEC. 7. Subsection (b) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 8. Section 374 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 9. Subsection (a) of section 375 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

STATEMENT OF HON. STEPHEN PACE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. PACE. Thank you, Mr. Chairman.

Mr. DOXEY. I might say that we have to adjourn at 12 o'clock. We have to go over to the House and be there at 12.

Mr. PACE. Mr. Chairman and gentlemen of the committee, may I first say that the reason the peanut producers have asked the sub-

committee to take up this bill for hearing at this time is the urgent need of the peanut producers of the Nation to know whether this bill or any legislation on peanuts will be passed by the Congress.

As you know, Mr. Chairman, even in the regular course of things, starting this morning on this hearing, it will be 30, 40, or 60 days now before the Congress, in its consideration in the customary manner, can possibly enact this bill.

Now, there are some representatives here this morning from Texas who know more about the situation down there than I do, but I dare say that the Texas peanut producers, away down in south Texas, are getting ready now to plant. I understand that they plant around the 15th of this month. You understand they gather their peanuts down there months ahead of us.

And next, the peanut producers in Alabama, Georgia, Florida, South Carolina, and very probably in Arkansas, will be planting their peanuts in around 30 or 40 days.

But, in addition to that, Mr. Chairman, unfortunately most of the farmers in my section—I hope that is not true in your section—have to farm on borrowed money. You might say that most of them have to live from hand to mouth, and now is the time that they must make all of their financial arrangements for the present farm year.

As you know, the seed loan applications are now available; the production credit associations are making loans; and the banks are making loans; and the farmers need to know, as never before, what the situation will be with regard to peanuts during the year 1941.

It is for those reasons, Mr. Chairman, that these gentlemen have solicited the hearings on the bill at this time. It is for that reason that in behalf of these producers I appeal to you and to the committee to hear the issues thoroughly and then act as quickly as possible.

Mr. Chairman, peanut production has become a very important crop in certain sections of the Nation, in some 8 or 10 States, particularly in Texas, Alabama, Georgia, Florida, South Carolina, North Carolina, and Virginia.

As you know, Mr. Chairman, under the terms of the Agricultural Adjustment Act, the cotton producers of those States surrendered approximately 12,000,000 acres of cotton land. Self-preservation alone prompts any farmer to find some crop upon which he might provide for himself and his family.

In the reduction of the cotton acreage, peanuts was one of the crops to which the farmers looked. It is somewhat parallel to the situation in the Northwest, where, under the terms of the Soil Conservation and Domestic Allotment Act, and the Agricultural Adjustment Act, the corn, the oats, and the wheat acreage was reduced and the farmers of the Northwest quickly turned to the production of soybeans. The production of soybeans in the Northwest has increased from, I might say, almost an insignificant acreage to over 10,000,000 acres this year.

The producers who were required to surrender their cotton acreage were, of course, on the one hand, restricted by what is known as the Boileau amendment; that is, they could not turn freely to dairying, to the production of crops that would increase dairying and cattle production. It left them, according to their climate and their soil, only a few crops to which they could turn, and peanuts was one of them.

The result has been, Mr. Chairman, that we are at this hour faced with the situation of a surplus in the production of peanuts.

The purpose of this bill is to present the request of the peanut producers of the Nation to set up machinery that will permit them to cooperate with the Department of Agriculture to place limits on the production of peanuts particularly peanuts produced for the edible trade.✕

Now, Mr. Chairman, I never have liked to boast of the number of people I speak for. You have known of short-haired women and long-haired men who get up and say that they speak for 10,000,000 people. The only thing that I can say is that I believe that 99, or 98, percent of the peanut producers of the Nation join in the request for the enactment of this bill.✕

For my own part, I can say that I had in my district in December three large farm meetings in three separate sections of my district. Attending were farmers from all of the 24 counties in my congressional district, and they voted, Mr. Chairman, after the entire question was presented as to the peanut situation and the terms of the bill, they voted unanimously, without a dissenting vote, at all three of the meetings to ask Congress to enact the bill.

I am advised that a similar meeting was held in the State of Alabama and that that meeting was unanimous; and similar meetings have been held in the Carolinas. I understand that they also had meetings in Virginia.

So, I think it can safely be said, Mr. Chairman, so far as the peanut farmer himself is concerned, the poor fellows back in the woods, who are trying to scratch a living out of the ground, that they are almost—I would not attempt to say that any bill would have the unanimous approval as it did in my district, which was exceptional—but almost the entire peanut-producing population of the Nation joins in the request for the enactment of this bill.

Now, heretofore, Mr. Chairman, the Department of Agriculture, through its surplus removal program, has been helpful to the farmers in removing the surplus of peanuts produced in the past. I do not myself possess adequate words to express to the Department, particularly the Surplus Removal Division of the Department, the appreciation of the farmers of the Nation for the cooperation they have given in the past. It has, when there has been overproduction of peanuts, stepped in and helped to remove the surplus in order to help maintain a price for the edible trade.

✕ The production has now increased to the point, Mr. Chairman, where the Department has very frankly said that the surplus is getting large and it will in the future become expensive—too expensive—to the Department to undertake to continue to remove the surplus unless there is some control on the size of the surplus. They just cannot be expected to permit unlimited production and then step in and remove the surplus. Of course their reasons are sound. Anybody that is sensible knows that that must be recognized, and the farmers themselves are willing to come in now and cooperate with the Department and say, "We are willing to subject ourselves, under the referendum, to control the production."

Therefore, what this bill does, in substance, is to place the production of peanuts under the terms of the Agricultural Adjustment Act by providing marketing quotas.

✕ Now, may I say, Mr. Chairman, that heretofore the production of peanuts has been under the Domestic Allotment and Soil Conservation

Act. That is to say, the peanut producers were allotted so many acres of peanuts as a soil-depleting crop. I was given 5 and another man was given 10, according to the size of his farm, and according to the amount of peanuts he produced in the past. They checked his production and he had a penalty imposed upon him of approximately \$25 per ton for the excess or overproduction; but the only penalty, as the committee well knows, under the Soil Conservation and Domestic Allotment Acts, is the loss of your benefits. That is to say, if you wanted to plant extra peanuts, you were penalized \$25 per ton. If you overplanted 10 acres, you were penalized about \$100, and that was deducted from your benefits from other crops, and the only loss would be for this penalty to be high enough to wipe out the other benefits, and that was the extent of the punishment, you might say.

All of that has not proved adequate, because at times when the price of peanuts is good, a man will say, "Well, I will just kick my benefits out of the window and plant all of the peanuts I want to. There is no tax on them. They cannot do anything about it."

So, that is one of the reasons we are here. The farmers want better machinery and stronger penalties, and I might say in passing the penalty in this bill for overproduction, for the edible trade, is 3 cents per pound or \$60 per ton, which you recognize is not a prohibitive penalty but is a most persuasive penalty when peanuts bring but \$60 or \$65 a ton.

Now, Mr. Chairman, I want to hurriedly outline the provisions of the bill. It will only take me a few minutes.

The bill provides that each year—

between July and December, the Secretary of Agriculture shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed.

So that provides that the marketing quota under the bill would be the average quantity of production during the last 5 years. That is, if in 1 year the production was 400,000 tons, another 500,000 tons, and another 600,000 tons, and another 700,000 tons, and another 800,000 tons, they would add those up and strike an average of 600,000 tons and that would be the marketing quota for the next year, with the authority, as I will mention in a minute, to make adjustments for trends and demands. Here is that provision:

adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop.

That fixes the national marketing quota for peanuts.

Let me say, to make it easy, that it is 500,000 tons.

Then the bill provides that these tons of peanuts shall be reduced to acreage, and, in reducing them to acreage, it says that it shall be done in this way:

The National marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years.

Therefore, if it were 500,000 tons for the national quota—and to make it easy, we will say, although it is not the average at all, we will say that the average production was found to be a thousand pounds per acre. Then, you would divide that and get the number of acres that it would take to produce 500,000 tons of peanuts. I believe, on that calculation, it would be a million acres; that is, if you allot 500,000 tons and you produce a thousand pounds to the acre, then the national acreage allotment would be a million acres. That is the way you get the acreage.

Mr. FLANNAGAN. How would the acreage allotment be made to the farmers?

Mr. PACE. The allotment to the farmer, his acreage, is based on the marketing quota and actual production on the allotted acreage.

Mr. FLANNAGAN. The farmer can market the whole tonnage produced on that acreage?

Mr. PACE. The farmer can do the same with peanuts as he does with tobacco, and can market every pound of peanuts produced on the acreage allotted.

Mr. FLANNAGAN. If he dopes his land up with fertilizer, what would happen?

Mr. PACE. Well, I do not know, Mr. Flannagan. There is one thing peculiar about peanuts. Peanuts, I believe, are about the most soil-depleting crop there is. Do you know of any other?

Mr. DOXEY. Sorghum.

Mr. PACE. I do not know of anything that takes more out of the soil. Do you?

Mr. DOXEY. I do not know.

Mr. PACE. The farmer takes the peanuts out of the ground; he takes the peanut vines and pulls the peanuts out of the ground, and he wipes it clean. He does not leave anything there, because peanut hay is one of the finest hays known to man.

But anyhow, answering your question, in my section, we never attempt to put peanuts on the land except every third year, because it must be given an opportunity to build back. If you followed peanuts with peanuts, why, quickly your soil would be utterly depleted.

Mr. DOXEY. Pardon me, and let me interpose a question right there, however, in answer to the question that was raised. You would not say that they would not fertilize to increase the yield?

Mr. PACE. No, sir.

Mr. DOXEY. They certainly do. Now, this whole bill of yours just follows the same machinery and system we have got for tobacco and cotton, and all of the rest.

Mr. PACE. Exactly.

Mr. DOXEY. In terms of tons, reduced to acreage, when it comes down to the States, and so forth and so on?

Mr. PACE. Yes, sir.

Mr. DOXEY. And you just want peanuts to be made one of the agricultural commodities receiving marketing quotas?

Mr. PACE. Yes, sir.

Mr. DOXEY. Let me ask you this: Do you provide that these quotas are not to go into effect until after the farmers have voted on them?

Mr. PACE. Yes, sir; it takes a two-thirds vote.

There is this glaring difference, Mr. Chairman, and I want to impress it on the members of the committee and visiting Members of

Congress, that there is this outstanding difference between this bill and the commodities that you mention—cotton, corn, wheat, rice, and tobacco—and that is the peanut farmers under this bill are not asking to participate in parity money. Now, that is a very glaring difference.

As you know, Mr. Flannagan—I do not know what the conditions are down in your section—but in our section it is such that the need of this legislation is urgent and the other members of this committee know that if peanuts or any other commodity should come to the Congress to be made a basic commodity, asking to participate in parity funds, that it would immediately meet with very serious opposition. You recognize that, Governor Pierce?

Mr. PIERCE. Yes.

Mr. PACE. So under this bill, there is no reason that I know of why the Congress should not readily grant the request of the producers, because it does not hurt any other commodity or take any parity money away, or increase the soil-conservation payments.

Mr. COOLEY. Is there any provision in the bill which deals with the subject of parity payments?

Mr. PACE. No; the bill just does not put peanuts under section 303. In other words, there is an omission and not anything specific about it. It is not included.

Now, Mr. Chairman, the bill then prescribes how the national acreage allotment shall be apportioned among the States which shall be on the basis of the average harvest of nuts for the 5 preceding years, with adjustments for trends and abnormal conditions of production, and the State acreage for peanuts is provided for.

Then it says that the Secretary shall apportion the State acreage allotments among the individual farmers, or, rather, among the individual farms on which peanuts have been grown in any of the 3 immediately preceding years.

Mr. Chairman, you recognize that that is identical with the cotton provision.

Then it says that the apportionment among the farmers shall be on this basis:

Such apportionments shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs.

Then it provides, Mr. Flannagan, the amount of marketing quota for each farm shall be the actual production of the farm-acreage allotment.

Certainly we are not, with our experience with tobacco, Mr. Chairman, we are not going to go back into another poundage allotment system.

Then it provides that—

The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound.

That of course, is the power behind the bill. That of course, is the way in which production will be controlled, because, as I have said heretofore, all that the noncooperator lost before, the only penalty that he suffered was the amount of benefits he would have received if he had not exceeded his production.

The bill provides that the penalty of 3 cents a pound will not be required if the excess production of peanuts are delivered to market through an agency designated each year by the Secretary and sold by such agency for crushing into oil.

That is to say, you could produce extra acreage, but that extra acreage production must be taken off the market and crushed into oil. Of course, Mr. Chairman, whether you know it or not, peanut oil is the very finest product. There is a reasonable demand for it.

Mr. PIERCE. What proportion of the peanuts go into oil?

Mr. PACE. Governor, I will have to give you that. I have it right here.

Mr. PIERCE. Just approximately.

Mr. PACE. I can give it to you exactly. I brought that information along, because I thought you would want to know that.

Mr. PIERCE. Those are exempted from the bill?

Mr. PACE. They are exempted from the tax.

Mr. PIERCE. But they are held in the quota?

Mr. PACE. They would still—and please get this straight, Governor, and other members of the committee—they would still be a soil-depleting crop and they would still be subject to all of the provisions for violation of the Soil Conservation or Domestic Allotment Act.

Mr. PIERCE. Would they be prohibited?

Mr. PACE. They would not be.

Mr. PIERCE. They could produce any amount they wanted to?

Mr. PACE. For oil-production purposes.

Mr. PIERCE. For oil.

Mr. PACE. Yes.

Mr. FLANNAGAN. The only penalty would be that they would not receive their soil conservation benefits?

Mr. PACE. And domestic allotment benefits.

Governor, I think you should add there that if the oil market would permit the production for oil. This year it would not. You would not plant peanuts for the purpose of producing oil this year.

Mr. PIERCE. Does it compete with cottonseed oil?

Mr. PACE. Cottonseed oil; coconut oil—I want to give you those figures, Governor, because I have them here.

Mr. PIERCE. Does it compete with oils for oleomargarine?

Mr. PACE. The peanut oil is available as an oil for oleomargarine, yes, sir; and it is a very good one; but I notice now that most of the oleomargarine production is from soybean oil. There has been quite a rapid increase in that. I might say this, Governor Pierce: That the amount of oil that would go into the oil trade from peanuts would be utterly insignificant.

Now, let me give you these figures. I will give you the figures for 1939-40 season, just to show you how insignificant it is.

Cottonseed oil, there was produced 1,334,000,000 pounds; coconut oil, there was shipped into this country 318,000,000 pounds; corn oil, 164,000,000 pounds; soybean oil, 508,000,000 pounds. Fifteen years ago the amount of soybean oil was so insignificant that the Department did not even keep records on it.

As against those figures, peanut oil, 34,000,000 pounds.

Mr. PIERCE. Does that mean much?

Mr. PACE. It does not mean anything. In other words, there would have to be a tremendous increase in the price of oil. Oil

would have to go up to around 10 cents a pound and there would have to be an enormous expansion before the oil trade would ever feel it.

Mr. PIERCE. Where are most of the peanuts consumed? Are they just peddled around the streets for us to eat?

Mr. PACE. No, sir; there are some gentlemen sitting out here representing the Curtis Candy Co. They are the biggest users of peanuts in the world. They make Baby Ruths. I think that the greatest use of peanuts today, Mr. Dixon, is for peanut butter; goes to the crushers, to make peanut butter. If you haven't any in your home, I want to send you up some. It is one of the best products in the world.

I think peanut butter, salted peanuts, and candy are the greatest users. That is what we call, Governor, the edible trade. That is a constant demand; not constantly increasing, but it is a constant demand, and that is the market we want to protect.

Mr. POAGE. Mr. Pace, may I ask in that connection if when you crush peanut oil, you have some kind of a residue there?

Mr. PACE. Meal.

Mr. POAGE. It is a meal, similar to cottonseed meal?

Mr. PACE. Yes, sir.

Mr. POAGE. You sell that for stock food; that is what it goes for?

Mr. PACE. Yes; it makes a very good one.

The idea has been advanced, Mr. Poage—I do not know how far you are going to get, because it is new—that if the farmer wants to produce any peanuts for oil, he would probably never pick them. He would plow them up and take them to the mill to be crushed with the vine and all. They would crush the little oil out and then they would have the vine, and the peanut meal, and other substance for some sort of feed for stock.

Mr. POAGE. Which would be a sort of a cake.

Mr. PACE. Which they say ought to make a very fine feed, and I think that it does.

Mr. PIERCE. In the event the farmer plants an excessive acreage above his allotment, rather than paying a penalty on it, he could protect himself by producing oil.

Mr. PACE. That is right. He would have to turn it over for that purpose. He would have to deliver it over to that Government agency, which is similar to an agency that they have in North Carolina, in order that they could see that it did not get into the edible trade, but went into the oil production.

Mr. COOLEY. Would he suffer any penalty on account of that overproduction in the event the overproduction went into oil?

Mr. PACE. He would—get this straight, because some farmers have asked me about it—this act does not change the terms of the soil-conservation and domestic-allotment acts.

Mr. COOLEY. He would suffer that same penalty that is now provided in the Soil Conservation Act?

Mr. PACE. That is right; he is still under that act, and if he overplants; if his peanuts exceed his soil-depleting acreage on the farm, he would still be subject to this penalty which I believe now is \$25 per ton. So, get that straight, this does not waive the act at all; you understand that.

Mr. COOLEY. I notice that there is one other thing, in looking over the bill and the factors for determining the acreage allotment, you list in the bill as tillable acreage available for the production of peanuts.

Mr. PACE. That is right.

Mr. COOLEY. And the past acreage of peanuts on the farm.

Mr. PACE. That is right.

Mr. COOLEY. And in determining that you take into consideration the peanut-acreage allotments established for the farm under previous agricultural-adjustment and conservation programs.

Mr. PACE. That is right.

Mr. COOLEY. Now, you leave out the factors in the tobacco bill, "land, labor, and equipment."

Mr. PACE. That is right.

Mr. COOLEY. Those factors are not to be taken into consideration in determining the peanut acreage allotments.

Mr. PACE. No; to be frank, I think they have been given very, very little consideration in connection with tobacco.

Mr. COOLEY. I agree with you exactly, but I was just wondering why they were left out.

Mr. PACE. I do not think it means much, to be frank.

Mr. COOLEY. It sounds all right in a bill.

Mr. PACE. Yes; it sounds fine.

I have read that section, so I will not repeat it. That is allotments among individual farmers:

The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less.

Mr. DOXEY. Before you leave the acreage, for the purpose of the record, I would like for you to show that the bill provides a minimum, I believe, of about 1,610,000-acre allotments. It says not less than that.

Mr. PACE. Yes, sir.

Mr. DOXEY. How many acres were devoted to peanuts in the year 1940?

Mr. PACE. All right; let me mention that. I thank you very much, Mr. Chairman, for bringing that up.

Mr. DOXEY. You passed that up. That is the reason I suggested that.

Mr. PACE. I did not touch on it.

It is recognized, Mr. Chairman, that the system of getting all of these acreages and dividing the production, and so forth, and getting the notices out to the farmers, could not be done under this bill this year.

In other words, as mentioned a few moments ago, the farmers in Texas will plant their peanuts next week. Therefore, it was recognized that it could not be done.

So the Department has voluntarily come in and says we will make the allotment for 1941, the same as it was in 1940, and they have already gone to the farmers, and allotments have already been made, so that the bill simply provides, on account of the fact that the bill cannot be passed by Congress and operations put into effect this year, so far as the acreage allotment is concerned, the allotment this year shall be 1,610,000 acres.

Now, in answer to the balance of your question, Mr. Chairman, I will give you those figures.

The total acreage of peanuts harvested this year—and let me start back and come forward a little, Mr. Chairman, to show you the increase.

In 1936 it was 1,606,000 acres; in 1937 it was 1,500,000 acres; in 1938—I might say, Mr. Chairman, I do not know whether that is true or not—but in 1937, these figures might be significant, because I remember that year cotton had no control and everybody went back to planting cotton. You remember that.

Mr. DOXEY. Yes.

Mr. PACE. And very probably that is one of the reasons why this figure dropped.

In 1938 it was 1,708,000 acres; in 1939 it was 1,859,000 acres; and in 1940, it was 1,907,000 acres.

As I said, Mr. Chairman, that is the reason we are here, that series of figures.

Mr. COOLEY. Would there be any objections, Mr. Pace, to changing in line 13 on page 5, where you say "calendar year 1941", changing that to "1938"?

Mr. PACE. I do not know, Mr. Cooley, that the amendment that you ask for makes any difference.

Mr. COOLEY. Why was 1941 selected, if you know?

Mr. PACE. I do not know, to be frank with you.

Mr. COOLEY. Is that supposed to be a year in which the acreage was pretty fairly distributed among the States?

Mr. DOXEY. I do not see where that has got anything to do with the controversy here. This just says that for the calendar year 1941, such and such shall be the figure.

Mr. PACE. That it shall not be less than 90 percent.

Mr. DOXEY. It does not use 1941 as a criterion.

Mr. PACE. No.

Mr. DOXEY. It says that "the allotment established for any State for any year subsequent to 1941 shall be not less than 90 per centum of the allotment established for such State for the crop produced in the calendar year 1941."

Mr. COOLEY. I was just wondering if that was a fair year.

Mr. DOXEY. That could not be foretold, because we are just at the beginning of that year.

Mr. COOLEY. I mean, does 1941 establish—

Mr. DOXEY. It is established not by any one certain year. They could have used last year, 1940. This 1941 is all speculative.

Mr. PACE. That is right.

Mr. COOLEY. Would you get that straight? I did not finish developing what I had in my mind.

Mr. PACE. Will you hold that question for a second and let me get this thing out of the way, Mr. Chairman?

Mr. DOXEY. I think it is already out of the way.

That is just language that is used in arriving at the acreage.

Mr. COOLEY. Right in that connection, I would like to ask you this also. How about the effectiveness in 1941? Do you anticipate that this legislation will be effective in 1941?

Mr. PACE. Yes. The only thing that will not be effective—if I may get this straight—Mr. Chairman, will you hold your question for a minute?

Mr. DOXEY. Yes.

Mr. PACE. The only thing that will not be effective this year is that instead of working out the formula for the national allotment, we have

agreed that for this year it will be 1,610,000 acres, and within 30 days after this bill passes, the farmers will vote on that allotment.

Mr. COOLEY. Is a provision made for that in this bill?

Mr. PACE. Yes.

Mr. COOLEY. Then, that is agreed to.

Mr. PACE. The allotment is already provided for.

Mr. COOLEY. All right.

Mr. PACE. Yes; your farmers have already gotten their allotment. Let me say this, I do not believe that you would be interested in 1938.

Mr. COOLEY. I was just wondering why you picked that year out.

Mr. PACE. I believe that if you would look right here at these figures, you would find that they would not be of interest to you.

Mr. COOLEY. I do not know; I was just asking for information.

Mr. PACE. I think 1941 was selected, because it was a new year and nobody could fuss about it.

Let me say this, if you do not like 90 percent, we are perfectly willing to put 95 percent in there, and if you do not like 95 percent, we will put in 100 percent.

Mr. COOLEY. I have no objection.

Mr. PACE. Now, Mr. Chairman, pardon me; will you go ahead?

Mr. DOXEY. I was just making this observation in answer to your question. I will ask this. Will the peanut farmers understand that if the allotment is made on the basis of this 1,610,000 acres, or approximately that much, that there will be no reduction in the acreage this year under what it was last year?

Mr. PACE. There is no reduction in the allotted acreage.

Mr. DOXEY. There is no reduction in the allotted acreage; but we have got a surplus. You cannot plant the whole earth in peanuts; you could not increase the production of peanuts under the terms provided here?

Mr. PACE. That is right.

Mr. DOXEY. So that when the farmers vote they will know what they are voting on and there will be no speculation as to the year 1941 even though we pass this legislation at this time.

Mr. PACE. When the time comes to vote, many of them will already have their peanuts in the ground.

Mr. DOXEY. And if they comply with the allotments already given, then they will still get the benefit payments, because peanuts are a soil-depletion crop?

Mr. PACE. Yes, sir.

Mr. DOXEY. And they will get other payments under the law as it now is; but they cannot participate in the parity payments. Peanuts are not to receive any of the parity money provided by Congress.

Mr. PACE. There is another benefit that they will get, which I was just getting to under the bill, and that is that they do get then and they have the benefits of the service of the surplus removal department for any surplus produced on the allotted acreage. That is a benefit they get.

Mr. DOXEY. Now, you have shown what they are going to do on curtailing production, which, of course, you are hoping will raise the price.

Just what benefits will the farmer get by the enactment of this legislation? I am looking at it from the standpoint of the farmer. He is the one I want to help.

Mr. PACE. All right. The peanut farmer will first have this benefit, that the noncooperator—Mr. Chairman, do you clearly understand that the peanut can be used for two purposes; that is, the edible trade, or they can be crushed for oil.

Mr. DOXEY. Or they can be fed to stock.

Mr. PACE. That is right. They would get this benefit. The producers of peanuts on allotted acreage would have the benefit of the edible markets for themselves. Those are the peanuts that go to the candy companies, the producers of salted peanuts, and companies of that type.

The peanut manufactories—that market would be confined to those who produce peanuts on the allotted acreage.

Then the second benefit they would get, if on that allotted acreage peanuts were produced in excess of the demand of the edible trade, then the surplus removal corporation, or the Department of Agriculture, through any other agency, could come in and divert the surplus, either by crushing it into oil or such other method as they thought wise.

Mr. DOXEY. That would be the benefits that the farmers would get.

Mr. FLANNAGAN. Would the peanut growers be able to get a loan?

Mr. PACE. It authorizes a loan.

Mr. FLANNAGAN. Of how much?

Mr. PACE. It does not say. It says that the Secretary shall provide a diversion or loan program. It does not say anything else about it.

Before we get through with the hearings, I expect that the farmers will ask to put in probably the same language as it is with cotton and wheat.

Mr. FLANNAGAN. Are these loans obligatory?

Mr. PACE. Yes, sir.

Mr. FLANNAGAN. On the surplus?

Mr. PACE. Just like they are on cotton, wheat, or rice.

Mr. FLANNAGAN. It would not be a loan if it were worked out as provided there.

Mr. PACE. It could be a diversion.

Mr. FLANNAGAN. Just as they have actually got it on cotton?

Mr. PACE. Just exactly, and on wheat, corn, rice, and tobacco.

Mr. FLANNAGAN. If we had that, we could follow it better.

Mr. DOXEY. Do you not think that we ought to fix some limitations upon the loan, so that we will know? We are talking about 85 percent cotton loans now, but we are just giving 52. X

Mr. PACE. Here is the way I feel about that, Mr. Chairman. The farmers did not feel like putting that figure in here. Just like I told the Governor, I think, before the hearings are over, that the figure will be put in the bill. I did not want to assume the authority of trying to say what it was. I think that the officials of the Agricultural Department ought to be consulted.

Mr. DOXEY. After all, you are enumerating the benefits to the farmer, and is that not one of the major benefits to be received from this legislation, to enable him to come in and get a loan on his surplus?

Mr. PACE. To be frank, I do not believe that there would be much loaned, Mr. Chairman. I think what would happen is that if there was a surplus of peanuts produced on the allotted acreage, edible peanuts, I think that they would be converted into oil and moved off of the market. You cannot keep peanuts very long.

* Mr. DOXEY. That is true. They are perishable—

Mr. PACE. I do not know of anything that a rat likes any more than he does peanuts, and unhappily we are not fixed like they are in Mr. Murray's country, where they can take their surpluses and put them away for 2 or 3 years and keep them. We cannot. I do not know. That is a departmental matter, but I say to you frankly, as I see it, I see very little prospect of a loan. I think that they will be just crushed into oil and gotten rid of, gotten off of the market. I think that might be better, Mr. Chairman, because we have accumulated a lot of surpluses now. I do not know what we are going to do with some of these surpluses we have now.

Last year this committee adopted a new practice and that new practice is included in this bill. You remember we reported on several bills saying that hereafter the referendum on cotton and wheat should be on a 3-year basis. I believe it applied to wheat, did it not?

Mr. DOXEY. Just tobacco.

Mr. PACE. So this provides that the farmers shall have a referendum and if they, by a two-thirds majority or more approve the marketing quotas program, the program shall be in effect for 3 years. If less than two-thirds vote in favor of it, of course, there is no program for that year, but they have the right to come back next year and try again.

Now, Mr. Chairman, the last part of the bill simply provides some little amendments which are to be inserted, certain words, in the proper places in the act. I do not think any of them require any particular explanation.

Now, I would like to take this opportunity of asking if there are any other questions by any of the members of the committee.

Mr. POAGE. I want to get it a little clearer as to what is going to happen this year.

Mr. PACE. Yes.

Mr. POAGE. Suppose I have a little farm and I am expecting to plant 5 acres in peanuts.

Mr. PACE. You mean that you have had a 5-acre allotment?

Mr. POAGE. Yes; I have a 5-acre allotment. And, let us assume on the other hand that I did not plant anything last year, but I had a 5-acre allotment last year. Can I plant my 5 acres this year?

Mr. PACE. Well, Mr. Poage, I do not think by not planting peanuts one year you would lose your allotment. I would say that you would get the same acreage. The national allotment for this year is identically the same as it was for last year, and unless something happened to your farm whereby you had decreased the cultivated acres, or you have increased your cultivated acres, you should get identically the same allotment this year as last year. You understand that you lose your allotment by not using it, but I do not think you would lose it for not using it just one year.

Mr. POAGE. You would lose it by not using it for 3 years, I understand.

Mr. PACE. You can lose your cotton allotment also.

Mr. POAGE. Now, under your bill you could lose your allotment.

Mr. PACE. That is right, because 3 years after—

Mr. POAGE (interposing). I do not understand that you lose it under the Soil Conservation or Domestic Allotment; you do not lose

there, do you? You still have that allotment, whether you use it or not, because you are not being paid anything on it. Suppose for the last 5 or 6 years I have had no allotment and for this coming year I have an allotment of 5 acres, not having planted peanuts for several years, but I plan to plant peanuts this year and have borrowed the money to buy the seed, and have gotten my land ready, and I am actually going ahead with the planting of 5 acres of peanuts this year. I have that right under the Soil Conservation Act.

Mr. PACE. Yes.

Mr. POAGE. Would I come in under this or would the 3-year rule ruin me?

Mr. PACE. Pardon me, but under the domestic allotment, you lose your acreage in 3 years if you do not use it.

Mr. DOXEY. Do you not think that is right?

Mr. COOLEY. You would not lose it the following year, if you failed to plant in one year.

Mr. PACE. It takes 3 years to lose it even under the Soil Conservation Act.

Mr. POAGE. So if I have an allotment under the Soil Conservation Act, if I have an allotment there, I will be sure that I will have it under this bill?

Mr. PACE. Unless there is some change in your farming operations which justifies your local county committee to modify your allotment one way or the other, you would get identically the same number this year—in fact, you have already gotten it. You have gotten your allotments in Texas.

Mr. POAGE. Yes.

Mr. PACE. You have already gotten it.

Mr. POAGE. In other words, this bill cannot put anybody out of business in the year 1941 who is complying with the Soil Conservation Act.

Mr. PACE. That is right.

Mr. COOLEY. Let me ask you a question: What protection is given to the new growers?

Mr. PACE. New growers.

Mr. COOLEY. Yes.

Mr. PACE. Nothing.

Mr. COOLEY. Why have you not made some provision to take care of the man who is starting into the farming business so that he might have at least a hope of getting some peanut acreage?

Mr. PACE. May I say this, Mr. Chairman, that that is a very important provision, one in which North Carolina and Virginia are very much interested, and through the process of the conferences during the last 10 days we have worked out an amendment which I think is satisfactory to Virginia, North Carolina, and all other producers, and it will be presented to the committee in order.

Now may I say to the gentleman that I am sure that that is something I am much more interested in than he is, because the Carolinas seem to have a rather restricted area and they are more interested in preserving their present production than they are in providing more.

Mr. COOLEY. I thought from your statement that you had increased the acreage up to the point where you were thoroughly satisfied now.

Mr. PACE. Well, if you take the farmer who has the right to plant about 2 or 3 acres of cotton and has a wife and six or seven children to provide for, and send to school, if you find him satisfied with 3 or 4 or 5 acres of peanuts, you will surprise me.

Now, are there any other questions, Mr. Chairman?

Mr. RIZLEY. I do not know a thing about peanuts. I am trying to find out.

Mr. PACE. Yes, sir.

Mr. RIZLEY. Let me ask you if we import any peanuts into this country?

Mr. PACE. There is at this time a small quantity of peanuts brought in from the Philippine Islands, about which we are very deeply concerned, and I hope that we will be able to get something before us a little bit later which will receive sympathetic consideration and stop that.

Mr. RIZLEY. So do I.

Mr. PACE. I might add just this, that it is a very unhappy situation, because in the Philippines they are able to produce two crops of peanuts a year whereas we can produce only one, and it looks like the practice of the Philippine producers is to watch the American market and stay just a little bit under us. It does not make any difference how cheap peanuts get. They stay right under here [indicating], because, as you know, their labor is cheap, and, as I say, they produce two crops. We do have a little protection, as I said. We do have a 3-cent a pound tax on peanut oil.

Mr. PIERCE. On peanut oil?

Mr. PACE. On oil. We are working on that.

Mr. MURRAY. Mr. Chairman.

Mr. DOXEY. Mr. Murray.

Mr. MURRAY. May I ask a question?

Mr. DOXEY. Yes, Mr. Murray, certainly.

Mr. MURRAY. I have just read the yearbook, so it may be that I am a little bit confused.

Mr. PACE. That places you at a great advantage.

Mr. DOXEY. You have read the whole book?

Mr. MURRAY. Yes, sir.

Mr. DOXEY. What a man.

Mr. MURRAY. I think here on this committee we all have to try to think of the whole United States, at least, if we do not think of the rest of the world. I notice that you kind of jumped over the parity payments.

Mr. PACE. I did not intend to.

Mr. MURRAY. You were afraid to bring them in?

Mr. PACE. I was afraid to bring them in, because of the fact that there would be so much opposition. I do not want to kill the bill. Mr. Flannagan can tell us what his experience was in that connection.

Mr. MURRAY. I supported Mr. Flannagan.

Mr. PACE. I did, too.

Mr. MURRAY. To me, of course, legislation that is only for the few should not be our objective, and I think that the peanut farmer—I do not care where he lives, if this provision provides for 75 percent or 100 percent, or whatever basis is right, that that should include all farmers.

Mr. PACE. I am hoping, Mr. Murray, we will be able to be put in a position where we can join more heartily with the dairy interests in

times to come and put the dairying industry and the peanut growers and the producers of other crops all in a position here we can take care of them at the same time.

Mr. MURRAY. I would like to say that I am not going to get into a discussion of the dairying, because I am not going to try to make it a personal matter as to my particular district. I will just leave it right on peanuts.

Mr. PACE. I will agree with you.

Mr. MURRAY. I think that the richest and the most fertile land in all of the world, according to the information that we have is in Iowa where they have 25 percent of the No. 1 land in America.

Now, I do not have anything against Iowa. They are my neighbors. If those people are entitled to parity payments, then I would like to know why the peanut farmer is not just as entitled and should have the same thing exactly as that group has.

Mr. PACE. I am fully in accord with that, of course. There is no question about it. I think they should have it. But, in our wisdom—not our wisdom either, but our judgment, poor as it is—we just decided to leave it out.

Mr. MURRAY. You do not think that there would be any object in leaving them out?

Mr. PACE. I think that they are clearly entitled to it. They need it badly. But we just decided not to ask for it.

Are there any other questions?

Mr. DOXEY. I have none. Thank you, Mr. Pace.

Mr. RIZLEY. Mr. Chairman, in view of the chairman's remarks in reference to the 1940 Yearbook, I want to make this observation: Being a new Member, particularly a Republican, I do not expect to get anything for my constituents, but I have not been able to get one for myself.

Mr. DOXEY. You are in just the same category as every other new Congressman, whether he is a Democrat or Republican. The assignment of 1940 Yearbooks goes to the Congressman who held the seat in Congress during that year.

Mr. RIZLEY. I understand that, but I thought that someone might loan me one.

Mr. DOXEY. I will give you one. I will be happy to do it. You will not even have to send for it. I will send it to you with my compliments.

Mr. RIZLEY. Thank you, sir.

Mr. PACE. Mr. Chairman, there are one or two gentlemen here who want to say a word and leave.

Mr. DOXEY. Mr. Pace, you being more familiar with this personally, and knowing who desires to appear, we will let you call whomever you want to.

Now, gentlemen, it is after 11 o'clock, and we are going to have to conclude here so that we may be on the floor at 12. There are important matters on the floor. So, will you gentlemen govern yourselves accordingly and whatever witnesses you gentlemen now want to present, we are ready to hear.

Mr. PACE. Mr. Chairman, there are one or two gentlemen who want to get away. Particularly I have had a request from the President of the American Farm Bureau, Mr. O'Neal, and I would like for you to hear him at this time.

Mr. DOXEY. All right, we would be glad to hear from you, Mr. O'Neal.

(Later: Mr. Pace submitted the following telegram which had been addressed to him by Mr. J. B. Latimer, executive secretary, Southeastern Peanut Association, Albany, Ga.)

ALBANY, GA., February 8, 1941.

STEPHEN PACE:

Southeastern Peanut Association, comprising the majority of peanut processors in Georgia, Alabama, and Florida endorse H. R. 2983 providing for marketing quotas, etc., on peanuts, believing that this proposed legislation is needed by the producers of peanuts.

J. B. LATIMER,
Executive Secretary, Southeastern Peanut Association.

STATEMENT OF EDWARD A. O'NEAL, PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. O'NEAL. Mr. Chairman, I am president of the American Farm Bureau Federation, an organization that represents farmers in 39 States, and we are very much interested in the problem of the peanut grower. I have just a very brief statement.

As a matter of fact, we have felt, the organization has felt for a great number of years, that the farmers ought to be helped by the National Government to adjust their production so as to protect their price and income structure, and we have held the philosophy that where a majority of farmers can work out a program to provide quotas and control, and adjust their production, it is fine to do so.

The bill H. R. 10621, introduced by Congressman Pace, of Georgia, by request, on October 7, 1940, was brought to the attention of the board of directors of the American Farm Bureau Federation at its annual meeting in Baltimore, Md., December 13, 1940, by Mr. Walter Randolph, president of the Alabama Farm Bureau Federation.

After discussion, the following resolution was adopted:

That we recommend that the federation go on record to give its support to peanut legislation to establish marketing quotas, to amend present laws or the enactment of new laws that would provide the peanut growers an opportunity to vote quotas on themselves in such manner as they determined, so long as it would not affect the rights of producers of other crops.

The bill H. R. 10621 amends the Agricultural Adjustment Act of 1938 by providing a new part VI, which is entitled "Marketing Quotas—Peanuts."

Now, Mr. Pace has a new bill here.

Mr. PACE. It is practically the same bill.

Mr. O'NEAL. It is practically the same bill, so this position of the Federation will apply as to the general principles contained in this bill, and I hope, Mr. Chairman, that the Congress will act favorably on it.

I have noted in recent months, particularly in the great fruit surplus areas, citrus, other fruits and vegetables, and other commodities, growers have the same situation as the peanut growers, and I have said very frankly that if the growers themselves would like to control or adjust their production to meet their surplus problems that I thought the farmers who are in the agricultural adjustment group, the five so-called basic commodities, would be very glad to cooperate with them.

So in this instance we are very heartily for the principles of this bill.

I might say that the president of the Virginia Farm Bureau Federation is here; the president of the North Carolina Farm Bureau; the

Georgia president could not attend, but the organization in the peanut areas I am informed are united on the principles underlying this bill.

That is about all, gentlemen, that I have, unless there are some questions that you would like to ask.

Mr. MURRAY. Mr. Chairman, I would like to ask Mr. O'Neal if he does not think that the peanut farmers should come under the parity payment provisions.

Mr. O'NEAL. I think this, Congressman, that they need to have very hasty action on this bill. I hope the Congress will pass it in order that the growers may have the immediate benefits of it. They are facing this serious situation.

I do think from a basic point of view, that they should, but I think just as Mr. Pae says, that we should have that, but as you know, appropriations would have to be made a year ahead for the commodities, and that would be a matter that ought to be taken up with the producers of wheat and the producers of cotton, and the producers of several other crops, corn, and so on.

Mr. MURRAY. I might ask, why should we take it up with them?

Mr. O'NEAL. I think, of course, they fought for and their friends in Congress fought for these parity payment appropriations on too small a basis, for too small an amount. The American Farm Bureau Federation asked for greater parity-payments of Congress last year. We were very grateful for small favors. We got \$212,000,000, and I think that if the Congress should see fit to appropriate the necessary funds, surely it is all right to cover all of the commodities, but they have appropriated for the time being to cover the five commodities, as you know, yourself. I think you voted for it.

Mr. MURRAY. No; I voted against it.

Mr. O'NEAL. If you voted against it, of course, if you voted against it, I do not have very much sympathy for you on that question.

Mr. MURRAY. I did not ask for any. [Laughter.]

Mr. O'NEAL. No; I know that you did not, and you are not getting any, that is pretty certain. [Laughter.]

Mr. MURRAY. And I will tell you the reason why, Mr. Chairman. That is for the simple reason that it was legislation for the few.

Now, if you will include the peanut raisers, and all of the other fellows, I will surely vote for it twice, if you will give me a chance.

Mr. O'NEAL. Thank you, Mr. Chairman.

Mr. COOLEY. Mr. Chairman, may I ask Mr. O'Neal a question?

Mr. DOXEY. Yes; proceed.

Mr. COOLEY. Mr. O'Neal, do you feel that a provision should be contained in this bill providing allotments to new growers of peanuts?

Mr. O'NEAL. Well, that philosophy has existed in the past. I think that is a matter for the growers themselves to adjust. The principles involved there have been allowed. But, I was not in the discussions with the growers when they prepared the bill, and I do not know why they were left out. I have no idea.

Mr. COOLEY. Provision is made in other control legislation.

Mr. O'NEAL. Yes.

Mr. COOLEY. And it just occurred to me that perhaps it should be made in this bill.

Mr. O'NEAL. Probably it should be. I do not know the reasons for or against it. I just know the principles of law. Perhaps it would be better that there should be some provision. I think this, that the boys who have been carrying the load for a great number of years in this

peanut program should not be imposed upon by the making of it so attractive that everybody will want to get into peanuts and ruin the game, not that I mean that anyone has any vested interest.

I was very much amused last year while attending a hearing before one of the committees of the House. It was one of the finest meetings I have ever been in in Congress. I wish to heaven that all growers could have such a meeting. We were in a meeting in the Appropriations Committee room of the House when the tobacco growers were all together, and I was highly amused by the growers from Florida when they were insisting upon a larger acreage of tobacco, and I was also highly amused by some of the old tobacco growers saying, "When in the hell did you get into the tobacco business anyhow?" As a matter of fact they had never gotten into the tobacco business until this law passed.

"Well," I said, "I am a party in interest, because I have got a big farm in Alabama that could raise tobacco. Maybe, like Florida, I might want to get in."

Of course, when the going is good everybody wants to get in, and when the going is hard they do not have any interest in it.

Mr. PACE. Mr. O'Neal, would you say in that connection, on that question of new production, that it was felt by the representatives of the producers from all of the sections that they should be consulted?

Mr. O'NEAL. That is right.

Mr. PACE. Particularly those in North Carolina. They have been consulted and an amendment has been prepared and will be presented, and, of course, I think will have Mr. Cooley's full approval, because it has the approval of his producers.

Mr. PIERCE. Just one question.

Mr. O'NEAL. Yes, Governor.

Mr. PIERCE. You omit the man from the quota who produces peanuts for oil. Do you not think that he ought to come under the quota, because while the quantity of oil is insignificant now, nevertheless it competes as against other lines, and that the whole line ought to come under the quota?

Mr. O'NEAL. I do not know of that provision. I am not familiar with that provision.

Mr. PIERCE. We can put Mr. Pace on the stand and ask him about it.

Mr. PACE. I might say, gentlemen, just like the soybean producers increased their acreage to 10,000,000 for oil purposes and it is not felt that it would be right or proper or fair—

Mr. PIERCE. Why should he be exempted?

Mr. PACE (continuing). As I say, to the producers.

Mr. PIERCE. You leave an opportunity to put him in.

Mr. PACE. I think that we have covered the enforcement pretty well.

Mr. PIERCE. I mean, I want a more detailed analysis of the bill from you.

Mr. PACE. Yes.

Mr. DOXEY. We desire to thank you very much, Mr. O'Neal, if there are not further questions we will be pleased to hear the next witness.

STATEMENT OF HON. H. C. BONNER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. BONNER. Mr. Chairman, if you will permit, I would like to ask Mr. Pace one question.

Mr. DOXEY. Yes.

Mr. BONNER. I have a table before me showing the allocation of acreage to the various States in 1940, and I understand that the allocation for 1941 acreage is the same as 1940. That is true, is it not?

Mr. PACE. The national acreage is identically the same.

Mr. BONNER. As for 1940.

Mr. PACE. And as I understand it, the State allotment and farm allotment will be practically identical.

Mr. BONNER. That is correct?

Mr. PACE. Yes.

Mr. BONNER. Now, the State of Virginia, averaged from 1935 to 1939, should have had 150,200 acres. That would be the average annual allocation based upon the average for the 5 years.

The State of Virginia was allotted, on a percentage basis of 5 years' average, 91.54.

Mr. PACE. I beg your pardon, Mr. Bonner. Virginia this year planted 164,000 acres in peanuts.

Mr. BONNER. The State of Virginia—

Mr. PACE. 164,000 acres in peanuts.

Mr. BONNER. In 1941?

Mr. PACE. In 1940. What year are you mentioning?

Mr. BONNER. They were allotted 137,500 for 1940. That is the allotted acres.

Mr. PACE. This chart that I have—just a moment. For your information, if you will make a memorandum there, Mr. Bonner.

Mr. BONNER. I have it.

Mr. PACE. In 1936 Virginia's acreage, picked and threshed, was 138,000 acres.

Mr. BONNER. That is correct.

Mr. PACE. In 1937 it was 151,000 acres.

Mr. BONNER. That is correct.

Mr. PACE. In 1938 it was 157,000 acres.

Mr. BONNER. That is correct.

Mr. PACE. In 1939 it was 161,000 acres.

Mr. BONNER. That is correct.

Mr. PACE. In 1940, 164,000 acres.

Mr. BONNER. Wait a minute.

Mr. PACE. The allocation is the same for the 1940 crop, based on the preceding 5 years, is it not?

Now, under the Soil Conservation Act and the Domestic Allotment Act, provision is made for those.

Mr. BONNER. I am only talking about this one State. I have other States here.

Mr. PACE. Just one second and I will give you what you want.

Mr. DOXEY. I am going to suggest to you gentlemen, that both of you being Members of Congress, we can work this out in executive session.

Mr. BONNER. Here is the only question, Mr. Chairman——

Mr. DOXEY. I understand what is in your mind, but you are not together on it.

Mr. PACE. Here is the allotment for Virginia for the year 1941. It will be 140,127 acres.

Mr. BONNER. Now, what is that based upon?

Mr. PACE. It is based upon the last 5 years. I do not know about that.

Mr. BONNER. Does not that last 5 years include 1940?

Mr. DOXEY. I imagine that the Department could tell us about the machinery as to various State allotments.

Mr. PACE. The last 5 years, adjusted trends.

Mr. BONNER. The 5 years include 1940, then?

Mr. PACE. No; it does not.

Mr. BONNER. I have the figures for the allotments for 1940 here before me.

Mr. PACE. That is right.

Mr. BONNER. And it is based on the previous 5 years, 1935 to 1939.

Mr. PACE. And is 137,500 acres?

Mr. BONNER. That is correct.

Mr. PACE. As I have it there is an increase this year of about 3,000 acres over last year.

Mr. BONNER. That is correct; and then you got 3,000 acres over last year in Virginia, for 1940.

Mr. PACE. Yes, sir.

Mr. BONNER. What was the increase in the rest of the States then? It was 3,000 for Virginia.

Mr. PACE. Well, in my State it was a thousand; and in Texas it was 2,400.

Mr. BONNER. Just let me interrupt you for just a minute. I have the figures here showing the percentage basis for the 5 years under which, previous to 1940, on which the 1940 crop was based, and I want to read these figures.

For Virginia, 91.54; North Carolina, 92.63; Georgia was 98.19; for Florida, 98.97; for Alabama, 108.29; for Texas, 105.68, and for all of the States—well, we will just stop at that. I want to ask a question: In this bill, will this allocation be worked out on an equitable basis to all States?

Mr. PACE. Yes, sir.

Mr. BONNER. You see what I am trying to get at?

Mr. PACE. A reading of those figures I think will give you the reasons for this bill. Do you want to stop that?

Mr. BONNER. No; I want to get this thing so that my State will not be penalized and Virginia will not be penalized under this allocation as made for 1940, based on the previous 5 years.

Now, if this bill goes through the acreage will be based on the 1941 crop, which is identically the same as it was in 1940. Now, the 1940 crop was based on these figures. I want to know if we are going to take these figures, or are we going to iron out the differences in here and give all an equal basis?

Mr. PACE. The bill says that the allotment among the States shall be on the basis of production by the States during the last 5 years.

Mr. BONNER. Then that would include the 1940 crop?

Mr. PACE. Yes, sir.

Mr. BONNER. That will then correct this problem.

Mr. PACE. Yes, sir.

Mr. BONNER. That is the only thing that I have in mind.

Mr. PACE. May I say this to you, that in North Carolina, North Carolina is granted 2,000, Virginia is granted 3,000, Texas is granted 2,000; Alabama lost in acreage and Florida lost 2,000.

Mr. DOXEY. That is all subject to trends.

Mr. PACE. It is all subject to trends. It is all subject to planted acres.

Mr. BARDEN. Mr. Chairman, I will ask leave to insert this table in the record.

Mr. DOXEY. Without objection it may be inserted.

(The table referred to is as follows:)

State	Acreage picked and threshed	Average for 5 years	1940 al- lotted acres	Allot- ment percent- age of 5- year average	Number of acres neces- sary for each State to give each State same per- centage 5- year average of 1940 allot- ment	Effect on national allotment if North Caro- lina were given equal percentage of allotment and other States keep present allotment
	(1)	(2)	(3)	(4)	(5)	(6)
VIRGINIA						
Year:						
1935.....	144,000	150,200	137,500	91.54	149,554	137,500
1936.....	138,000					
1937.....	151,000					
1938.....	157,000					
1939.....	161,000					
Total.....	751,600					
NORTH CAROLINA						
Year:						
1935.....	226,000	240,200	222,500	92.63	239,167	239,167
1936.....	232,000					
1937.....	245,000					
1938.....	243,000					
1939.....	255,000					
Total.....	1,201,000					
GEORGIA						
Year:						
1935.....	464,000	555,600	545,425	98.19	553,211	545,525
1936.....	567,000					
1937.....	507,000					
1938.....	590,000					
1939.....	650,000					
Total.....	2,778,000					
FLORIDA						
Years:						
1935.....	63,000	73,000	72,250	98.97	72,686	72,250
1936.....	72,000					
1937.....	70,000					
1938.....	75,000					
1939.....	85,000					
Total.....	365,000					
ALABAMA						
Years:						
1935.....	272,000	262,600	284,371	108.29	260,873	284,371
1936.....	276,000					
1937.....	230,000					
1938.....	265,000					
1939.....	270,000					
Total.....	1,313,000					

State	Acreage picked and threshed	Average for 5 years	1940 al- lotted acres	Allot- ment percen- tage of 5- year average	Number of acres neces- sary for each State to give each State same per- centage 5- year average of 1940 allot- ment	Effect on national allotment if North Caro- lina were given equal percentage of allotment and other States keep present allotment
	(1)	(2)	(3)	(4)	(5)	(6)
TEXAS						
Years:						
1935.....	171,000	229,200	242,225	105.68	228,214	242,225
1936.....	204,000					
1937.....	199,000					
1938.....	260,000					
1939.....	312,000					
Total.....	1,146,000					1,521,038
All States named above.....						¹ 1,504,371
Years:						
1935.....	1,340,000	1,510,800	1,504,371	99.57	1,503,705	² 16,667
1936.....	1,489,000					
1937.....	1,402,000					
1938.....	1,590,000					
1939.....	1,733,000					
Total.....	7,554,000					³ 1.11

¹ Present allotment.² Increase.³ Percent increase.

Column No. 2 arrived at by dividing total acreage (column No. 1) by the figure 5 (number of years).

Column No. 4 arrived at by dividing allotted acres (column No. 3) by 5-year average (column No. 2).

Column No. 5 arrived at by multiplying 5-year average of each State (column No. 2) by 97.57 percent, the allotment percentage of the 5-year average for all States (bottom bracket column No. 4).

Mr. BONNER. Mr. Chairman, I also have before me——

The CHAIRMAN. Do you want to testify on this matter? If you do, we should hear you in the regular manner.

Mr. BONNER. No, Mr. Chairman.

Mr. DOXEY. Just whichever way suits you.

Mr. BONNER. I simply want to insert this in the record.

Mr. DOXEY. All right, without objection it is so ordered.

(The table referred to appears above.)

Mr. DOXEY. If you want to make any statement that is perfectly all right. What I was trying to get at is that we want to hear these people from out of town first. We are here, and we can hear each other at any time.

All right, who is the next witness then?

Mr. PACE. Is there anyone here who wants to make a short statement? As everyone knows the lease-lend bill is on the floor at 12 o'clock, and every one knows that that is of great importance to the Nation, and that the committee is going to have to recess at that time so that the members of the committee can be on the floor.

Now, we have about 25 more minutes, and if there are any gentlemen here who must get away today, we would like to hear from them at their convenience.

Mr. DOXEY. All right, let us hear the next witness.

Mr. PACE. Is there anyone here who would like to testify now on account of having to leave the city?

Mr. Chairman, I will call Mr. Roy Parrish, who is manager of the Georgia-Florida-Alabama Peanut Association, a cooperative farm organization.

STATEMENT OF ROY E. PARRISH, CAMILLA, GA., MANAGER OF
THE GEORGIA-FLORIDA-ALABAMA PEANUT ASSOCIATION

Mr. DOXEY. Mr. Parrish, we will be glad to hear you. Give us your full name, title, occupation, and your address to the reporter for the record, please.

Mr. PARRISH. My name is Roy E. Parrish, of Camilla, Ga. I am manager of the G-F-A Peanut Association, a cooperative association of peanut producers located in the States of Georgia, Florida, and Alabama, with a membership of over 30,000 active peanut producers.

I represent that association, and through a series of meetings, other peanut producers of the Southeast.

I also have been asked to represent in my presentations in connection with this bill the Southwestern Peanut Growers, who have here present in this room their president and a number of their board of directors. They are from the States of Texas, Oklahoma, and New Mexico.

I would like to state, Mr. Chairman and gentlemen of the committee, that this bill has been carefully considered on several occasions by the representatives of the peanut growers. There have been some conferences held with reference to the broad principles of this bill here in Washington and at which representatives of every peanut-growing area of any consequence in the Nation were present and entered into the discussions, and so far as I now know, unless there has been some general disagreement which we do not now know of, the growers of all areas are in agreement on the major principles of the bill.

The peanut industry faces utter disaster or ruin unless we can secure some form of control which will be effective in preventing the land-slide shifting to, or overplanting in the production of, peanuts.

The peanut acreage has increased during the past 4 or 5 years, as Mr. Pace correctly showed you, with the figures he read, and the national allotment in peanuts has been increased to some extent; but I think we should visualize the situation in 1940 when we had a national allotted acreage of 1,610,000, whereas we had an actual planted acreage, or harvested acreage of approximately 1,955,000 acres. Notwithstanding that fact, the old peanut producers of the Southeast, and most other areas for that matter, have less individual allotments per producer than they had 4 years ago, meaning simply that there has grown up in our territory particularly a new type of farmer who is in some respects a student of these agricultural programs and in other respects a mechanical farmer capitalizing upon the weaknesses of present farm programs.

In other words, I have in mind one in my State, for instance, who, in 1940, had around 900 acres of peanuts on 1,200 acres of tillable soil. He was not a participant in the soil-conservation program, therefore, the penalty for overplanting did not affect him in the least.

Peanuts have more or less a dual value, namely, first for the edible trade, which is the original use of peanuts in this country, and then for their oil-meal value. Necessarily they have a market price structure which is very, very variable either according to the edible market conditions or the oil market conditions. In other words, when oil prices shoot up, it constitutes a threat against the edible channel; and if the oil price should rise to some point above the edible price, then the oil outlet could immediately consume almost the entire crop without

adding any appreciable supply oil to the national supply of vegetable oil.

Four years ago the Secretary of Agriculture realizing the fact that we had a surplus of peanuts over and above what the edible trade could consume, promulgated a diversion program which has been very, very effective; very successful in protecting and preserving producer income, producer price on peanuts. Naturally we see that it has been possible for outsiders to come in, for new areas to come in, and capitalize on the situation, and acreage has increased by leaps and bounds.

The peanut growers today want protection from that situation. ~~X~~The peanut growers want their price structure preserved and they feel that with a reasonable degree of control similar to what we now have on tobacco and on other crops through this marketing control system, then the problem of protecting the price to the consumer is not one that would represent such a major obstacle to the Department of Agriculture.

The diversion program that we have enjoyed has proven to be very successful, as I said, and we have found that by the expenditure of one dollar in Government subsidy, we have been able to produce from other sources, from normal channels of trade, an average of six additional dollars over a period of 4 years.

So that in some years the cost of this diversion program has been almost negligible. In the first year, 1937, the entire cost of the diversion program was no more than the amount of duty collected on imports of peanut oil, at the regularly prescribed rate of duty; but with the increased acreage, of course, the cost amounts to such proportion that the growers know they can no longer expect such a program unless there is some control of the production, and we believe that this bill will effect this control without materially disrupting the peanut-growing industry and at the same time it will prevent this utter disregard for every factor from land use and soil conservation to all of the soil conservation programs promulgated by the Department, and we feel that unless we have that protection the peanut industry is to be demoralized and that immediately, since in the year 1940 we produced almost twice as many peanuts as the edible trade can consume—the last Government crop estimates showing a crop of around 810,000 tons of peanuts. The average consumption of peanuts in the edible trade is between 400,000 and 425,000 tons annually.

We will know that this trend to rapid expansion in acreage is going to continue unless this control is granted.

We feel that if this control is granted, if this bill is allowed to pass, that we can continue our diversion program and continue to make \$1 of Federal subsidy produce five or six dollars from other sources to go into the producers' pockets through a diversion program which in our operations simply enables the program to purchase some peanuts and divert them into oil and by reason of that purchase create a stabilizing effect on the local market for the producer, and when the peanuts are diverted into oil the program simply stands the loss on the crushing into oil if there be a loss. Of course, we assume that there would be.

✓We feel that such a program accomplishes two or three things which are very vital and necessary. First, it removes whatever surplus there

might be from over the market within a relatively short period of time and we do not pile up and accumulate them to give us trouble next year. Secondly, it does make available a moderate supply of peanut oil which we formerly imported from Manchuria, China, or other foreign countries.

The Nation requires a certain amount of peanut oil. The use of peanut oil is rapidly expanding. So that any moderate supply of peanut oil produced under the control program of this type would be needed for our home consumption.

We recognize the fact that peanuts are a peculiar crop, yet they produce the richest vegetable oil, the finest quality vegetable oil, that can be produced in the United States. We have not yet learned how to produce peanuts, however, to compete with foreign oil; and the production of peanuts solely for oil, on their own merits today, would not be profitable to a producer.

Mr. PIERCE. What price would you have to get to make them profitable?

Mr. PARRISH. What would the peanut producer have to get?

Mr. PIERCE. For the oil, I mean.

Mr. PARRISH. For oil?

Mr. PIERCE. Yes.

Mr. PARRISH. He would have to have around 8 cents.

Mr. PIERCE. What is the price now?

Mr. PARRISH. We have 5 $\frac{3}{8}$ this week.

Mr. PIERCE. What does he have to have for those that go to the edible trade?

Mr. PARRISH. To go to the edible trade, we feel that the minimum price which the producer can produce peanuts for averages around \$60 to \$65 a ton for the edible trade.

Mr. PIERCE. Does the business lend itself to machinery?

Mr. PARRISH. The business has not yet adapted itself to machinery except in this way, in the actual cultivation. The tractor farmers can grow them with tractor cultivation.

Mr. PIERCE. How are they gathered, by machinery?

Mr. PARRISH. They are gathered by being plowed up on top of the ground.

Mr. PIERCE. And then picked?

Mr. PARRISH. Then picked, and the hay is stacked.

Mr. PIERCE. No machinery?

Mr. PARRISH. No machinery yet. It is possible through some form of combine to harvest them and thresh them all in one operation. That was accomplished in Texas, but I do not think it happens in the Southeast.

Mr. PIERCE. I am very much in sympathy with your legislation, but it seems to me it ought to control all lines. It does not seem to me that it ought to have any loopholes, and you have one under the control, the amount that might be put into oil. It seems to me our control of agricultural products has got to be complete.

Mr. PARRISH. When you say that there is no control on peanuts for oil, there is a very effective control, Congressman.

Mr. PIERCE. Why? Just simply because they do not get any share out of the Domestic Allotment Act?

Mr. PARRISH. They do not get any benefit payments; and, on the other hand, they suffer a penalty from the soil-conservation payments for planting them for oil.

Mr. PIERCE. That does not mean very much to this man who put in 900 acres on a 1,200-acre farm.

Mr. PARRISH. And as I told you, the American producer cannot today get back the cost of production in the production of peanuts for oil.

Mr. PIERCE. Yes; but if the oil went to 8 cents, he could.

Mr. PARRISH. Well, that situation, of course, would solve all of our peanut problems. In other words, if oil should go to 8 cents, the oil needs of this country would absorb the peanut crop in a jiffy. If oil goes to 8 cents we would see foreign peanut oil pouring right back into this country.

Mr. PIERCE. I believe each one of these commodities has got to pay the producer the cost of production with a margin of profit over, and I believe the way to pay that is not out of the Federal Treasury, but that it should be paid by the man who uses the commodity, whether it be wheat, peanuts, or whatever it may be, when we can reach it that way, and it seems to me that we might be able to reach peanuts with such legislation.

Mr. PARRISH. We have certainly been seeking some successful legislation for peanuts, but we have come to the conclusion that this is our only chance.

Mr. PIERCE. Have you read my bill on these acts, providing for the payment, for the money?

Mr. PARRISH. No, sir; I do not understand——

Mr. PIERCE. What I call the certificate plan?

Mr. PARRISH. The certificate plan?

Mr. PIERCE. Yes.

Mr. PARRISH. I will say this about the certificate plan, that our group—and I will say this about the peanut producers—we feel that we are very well organized, and we feel that we are in harmony and are willing to give and take as between areas of production as well as seeking to come before you or any other committee, harmoniously representing the peanut producers. I think before this hearing is over you will find us that way.

We have gone into the certificate plan, and frankly, there was a bill prepared that we thought was about the finest thing that could be devised to put the certificate plan into effect for the peanut industry whereby the money would be extracted from the consumer with which to stabilize the producers' market, and at the same time maintain effective control.

Mr. PIERCE. That is absolutely where I think it has got to be.

Mr. PACE. I introduced it, Governor.

Mr. PARRISH. It has been introduced. We have got it in writing, and I took it back down to my people in the Southeast, and I have not been able to find the first person that can read the bill and understand it, although we worked on it about 2 weeks and we know it is all right, but it is so complicated in its operations that I do not think we could within a span of 3 or 4 years educate the producers, the millers—the people who normally handle the peanuts—sufficiently to make it operate.

The principles involved, we readily accepted—that is, to stay out of the Federal Treasury; let the peanuts extract their own toll with

which to maintain a fair price and a fair production; but we are convinced that we cannot do that now.

Mr. PACE. It is either that or a fixed price.

Mr. PARRISH. It is either that or something along that line.

Mr. PIERCE. We cannot and we should not, it seems to me, legislate for these various commodities for themselves especially. It should be an integrated program in which the peanut people are taken care of; the wheat people are taken care of, and just as far as we can go with all of these commodities; and it seems to me that the place to get our money to give the producer the cost of production is from the man who consumes the commodity. Now, if we can reach him that will solve the problem. My bill includes peanuts.

Mr. PARRISH. We have found that he is the hardest person in the world to reach, Congressman. He is the most powerful fellow for us to try to buck, too, we have found. In other words, the thing that we fear most of all is the consumers facing or arraying themselves against us; and the certificate plan, of course, in effect is a tax.

Mr. PIERCE. I do not think that we can continue to get these parity payments from the Treasury. I voted for them, of course, and shall continue to do so, because it means much to my people. The legislation that we have passed through the Agricultural Committee since I have been a member of the Congress is what has saved my farming people.

It seems to me we should be aiming now at a permanent program. I am in sympathy with you people on this, but it seems to me it ought to integrate into the whole big program.

Mr. PARRISH. I am willing to concede, Congressman, that from a broad viewpoint, that perhaps agriculture would rather have that plan; but we have found it so difficult.

This bill is the simplest bill that I have seen yet that would accomplish any of the objectives that we have in mind, and we are a small group, and we are hopeless to try to come before you with a certificate plan that is something new and make a guinea pig of ourselves, so to speak, to try it on. We have consulted the economists; consulted the officials of the Department of Agriculture; and we fail to find a general agreement on the principles. We think that we are running into a stone wall when we come to that plan. And we need help. We have got to have something. It has got to come quick for our peanut growers, because, as I say, we are headed for disaster, and we are headed for disaster this year; and to the State of Georgia, it means something. In the State of Georgia this last year, peanuts were a \$16,000,000 crop. In Alabama they run into millions of dollars, six or seven million dollars.

Mr. PIERCE. What do you figure that it cost you to raise peanuts?

Mr. PARRISH. Well, it varies.

Mr. PIERCE. I know that the price varies.

Mr. PARRISH. It varies from \$50 to \$60 a ton.

Mr. PIERCE. And you are now getting what?

Mr. PARRISH. Around \$50 to \$60 a ton. For some it is running around \$57. I would say that the South as a whole averages around \$60.

Mr. PIERCE. You are getting cost of production?

Mr. PARRISH. We have had our prices preserved to that extent during the past 3 or 4 years. That is what we are trying to preserve.

Mr. PIERCE. But those which go into oil bring you about half that?

Mr. PARRISH. I sold peanuts, big blocks, last week for oil at \$35 a ton. That is based on a 5 $\frac{3}{4}$ -cent oil market, and the price of meal at \$21.

Mr. MURRAY. Mr. Chairman, may I ask one question?

Mr. DOXEY. Yes.

Mr. MURRAY. There is nothing in this bill to keep your friend from raising the whole 1,200 acres if he wants to plant them in peanuts?

Mr. PARRISH. There is nothing in this bill to keep him from it.

Mr. MURRAY. In your remarks, would you be kind enough to relate what is meant by that statement which you made, that every dollar of subsidy that was given returns \$5. You do not have to do it now. You can just put it in your statement, but will you please do that?

Mr. PARRISH. I will be glad to do that, sir.

Mr. PACE. Let me say in connection with the growing of the 1,200 acres, under this bill, there is nothing to provide any penalty for that; but if he grew 1,200 acres, he would have to pay taxes in an amount which approximates the value of the peanuts, to the Government.

Mr. PIERCE. If he grew them for oil, he would not.

Mr. PACE. If he grew them for oil, he would not; no. And there is an agency designated by the Secretary of Agriculture which could release them to be pressed into oil. The purpose is to see that they do not get into the edible trade and thus create an oversupply for the market, and require the grower to sell them at a loss.

Mr. PARRISH. He would be selling them at a loss if he sold them for oil. In other words, he could not possibly produce them.

Mr. DOXEY. Mr. Parrish—

Mr. PIERCE. Do you not realize that you have a great outlet for the bootlegger?

Mr. PARRISH. No, sir; the bootlegger is effectively controlled under this bill.

Mr. PIERCE. He is controlled under it?

Mr. PACE. Yes, Governor.

Mr. PARRISH. He is really controlled.

Mr. DOXEY. What is the parity price of peanuts, Mr. Parrish?

Mr. PARRISH. \$126.

Mr. PACE. \$122 a ton.

Mr. DOXEY. \$122 a ton and you people have been averaging during the last few years about \$60 a ton for peanuts and you feel that the main purpose of this bill is to preserve that present status, to keep this trend toward this year's acreage. X The acreage has been coming up during the past several years on account of the fact that the peanut business has been a little more profitable, possibly, than cotton or something else.

Mr. PARRISH. That is right.

Mr. DOXEY. And that is one of the main purposes of this bill, as you see it, to prevent an increase in acreage. X

Mr. PARRISH. That is right, sir.

Mr. DOXEY. You are from Mr. Pace's district?

Mr. PARRISH. A large portion of the members of my association are growers in his district. I happen to live right across the line.

Mr. DOXEY. You live in Mr. Cox's district?

Mr. PARRISH. I live in Mr. Cox's district.

Mr. DOXEY. He has a big peanut district, too?

Mr. PARRISH. Yes, sir.

Mr. DOXEY. Now, so far as the general outline of this legislation is concerned, I appreciate the statement you have made here and you people feel that under the machinery set up here that this fellow that Governor Pierce fears, after all, cannot put all of his acreage in peanuts to be converted into oil, and if he did, it would be a losing proposition?

Mr. PARRISH. That is right. May I make this remark, Mr. Chairman, that within the past 4 years, which covers the span of our real difficulties, so far as increasing production is concerned, the cotton acreage in these States that I represent has been reduced nearly 30 percent, and we have been more or less victims of circumstances. In other words, we have been forced to take the pressure, absorb some of this pressure from the cotton situation. That is, the cotton growers have switched to peanuts and we have been powerless to stop it.

Mr. DOXEY. Are there any further questions?

Mr. COOLEY. I want to ask you if the growers are in general accord regarding the provisions of this bill?

Mr. PARRISH. The major provisions have been passed upon.

Mr. COOLEY. Do you know of any opposition by any group to the provisions of the bill?

Mr. PARRISH. I do not know of any opposition at all. There might be some groups, there might be some of our friends from the Carolinas who might want some small additional provisions.

Mr. COOLEY. That is what I am interested in, in ascertaining whether or not there is any objection to it.

Mr. PARRISH. I see some of the North Carolina gentlemen here. If they have had any objection to the bill, we have always met them half way from other areas, and I would like to say one thing, we are more or less agreed on, Mr. Cooley, and that is, in our last conference we realized it was a most difficult thing for us to sit around a table and talk about the national peanut-acreage allotment and for us to agree on how much each State should get, but in our discussions, it appears that so far as the relative division between the States of the present national allotment is concerned, we could get together on that basis, and our discussions will more or less in this light of preserving to each State in the future about the same relative proportion of the national allotment as they now have.

Mr. COOLEY. Now, right in that connection, referring to the chart that Mr. Bonner has inserted in the record, it seems to me the allotment made in 1940 was inequitable as between the States.

Would it not be better to take the 5-year production and disregard the element of trend which resulted in this inequity and just make the national allotment based on the 5-year average production of peanuts picked and threshed for the edible trade, and if you do that, would not that treat all States fairly?

Mr. PARRISH. Without the figures before me, I will say that we approached that thing from every angle—

Mr. COOLEY. This chart shows Virginia had only 91 percent of its production, whereas Alabama had 108 percent.

Mr. PARRISH (interposing). Yet, Alabama—

Mr. COOLEY (continuing). That is due to the allotment based upon production, taking into consideration the trends.

Mr. DOXEY. If you just confine it to production and leave out the trends, that will give a fertile State, with the best acreage, all of the advantage. A poor State, like Georgia, would just be in a bad condition.

Mr. COOLEY. Poor soil, like Georgia's, Mr. Chairman, grows more than one-third of all of the peanuts.

Mr. DOXEY. They have more acres, but how does their production compare per acre with some of your best lands?

Mr. COOLEY. I do not know.

Mr. PACE. They produce 1,200 pounds and we produce six or seven hundred.

Mr. DOXEY. What do you produce?

Mr. PACE. We produce six or seven hundred pounds per acre.

Mr. DOXEY. That is the difference.

Mr. PACE. Texas produces 550 pounds.

Mr. DOXEY. You see, the good Lord blessed North Carolina to some extent, and overlooked Georgia. [Laughter.]

We would like to discuss that further, Mr. Cooley, but our time is just about up. Are there any further questions?

Mr. PIERCE. Is there a report on this bill from the Department of Agriculture?

Mr. DOXEY. Mr. Pace, has the Department made a report?

Mr. PACE. It is coming up today.

Mr. PIERCE. It is on its way over now?

Mr. PACE. They are rendering a report; yes, sir.

Mr. RIZLEY. Mr. Parrish, I understood from your preliminary statement that you are also speaking for growers in Oklahoma?

Mr. PARRISH. Yes.

Mr. RIZLEY. I want you to know that I am sympathetic to what you are trying to do here and sympathetic with this bill. I wanted to ask you this: In Oklahoma, according to the census, 68 of the Oklahoma counties lost materially in farm population. Before a committee appointed last year, a congressional committee, meeting in Oklahoma City, at the hearings down there, the prevailing opinion seemed to be that a lot of that was due to the fact that under the Triple A program it was forcing tenants off of the farms.

I understood in your preliminary statement in the peanut industry—I do not know anything about it—there is a definite trend toward using power machinery.

Will this bill have a tendency to create large units operated by one or two men, as is done to a certain extent in the wheat industry and to a certain extent in the cotton industry?

Mr. PARRISH. No, sir; in my opinion, it will be the reverse.

Mr. RIZLEY. I hope so.

Mr. PARRISH. In other words, if we can confine the production of peanuts to an orderly program in the soil conservation program, then this so-called tractor farmer—we call him a tractor farmer because he goes out and leases land, takes his tractor and plows it up and plants it to peanuts, broad acres of it, and probably can sell them cheaper than the average producer, by reason of his mass production methods.

Mr. RIZLEY. That is right.

Mr. PARRISH. We are after that man, because he has no regard for a balanced farming program. He has no regard for the welfare of that soil he is cultivating, because he does not own it in most cases; he leases it. And, we would like to protect the person who is regularly engaged in agricultural production on the farm, or maintaining people on the farm.

Mr. RIZLEY. In other words, get rid of the city-government farmers, I call them.

Mr. PARRISH. Well, in other words, we want orderly production based upon sound farming practice.

Mr. PIERCE. Your big farmers did not come until that machinery came on the farms. That is what makes the trouble with machinery.

Mr. DOXEY. Mr. Parrish, we desire to thank you very much.

Now, if you have not completed, we will reconvene at 10 o'clock tomorrow morning in this committee room.

I understand that Mr. Winslow wants to make a very brief statement before we adjourn. Is that right?

Mr. PACE. Yes.

Mr. DOXEY. You understand that you have the right to revise and extend your remarks?

Mr. PARRISH. Thank you.

STATEMENT OF J. E. WINSLOW, PRESIDENT OF THE NORTH CAROLINA FARM BUREAU FEDERATION

Mr. DOXEY. Mr. Winslow, we will be glad to hear you. Will you give your full name and your representation to the reporter.

Mr. WINSLOW. J. E. Winslow, president of the North Carolina Farm Bureau Federation, Greenville, N. C.

In 1938 I was appointed by the Secretary of Agriculture on the commodity committee that was working out the 1938 Agricultural Adjustment Act, and I was appointed to represent tobacco at that time and worked along on the tobacco program, in the tobacco section. At our first meeting I asked Secretary Wallace if he did not think peanuts should have a representative on this committee so that they could work out a program at the same time these other commodities were being worked out, and Mr. Wallace said "No," that the Department of Agriculture could take care of the peanuts better outside of the Agricultural Adjustment Act than they could in the group and with that assurance we went along with the other commodities, tobacco, rice, wheat, and corn, and the like, and worked out the Agricultural Adjustment Act in 1938.

Since that time peanuts have gotten in bad shape, and the diversion program was worked out by the Department of Agriculture and the farmers have come to the point now where they think they should have some additional legislation.

At a meeting in North Carolina during the last week representative farmers from all over the State, including peanuts, cotton, and tobacco with representatives of the Bankers' Association, representatives of the merchants and tobacco warehousemen, and interested business groups met with the farmers, and these groups are vitally interested

in the passage of this marketing quota bill for peanuts, realizing the fact that if something is not done to help the peanut situation their credit structure is liable to be shattered and they do not know how to advance credit to their farmers that are going to plant peanuts, and they are vitally interested in the passage of this marketing quota provision for peanuts.✕

That is about what I wanted to get before the committee.

Mr. DOXEY. We thank you, Mr. Winslow.

We will adjourn until 10 o'clock tomorrow morning.

(Thereupon, at 12:02 p. m., the subcommittee adjourned to meet the following morning, Tuesday, February 4, 1941, at 10 a. m.)

REGULATION OF PEANUTS IN INTERSTATE AND FOREIGN COMMERCE

TUESDAY, FEBRUARY 4, 1941

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10 a. m., Hon. Wall Doxey (chairman) presiding.

Mr. DOXEY. The committee will come to order, please.

It is our purpose this morning to resume hearings on H. R. 2983. I believe on yesterday we concluded with Mr. Winslow. I think he finished his statement. He is not here this morning; I understand he had to leave.

Gentlemen, I have not conferred with you since yesterday. I do not know what program you have in mind. Have you a list of witnesses to be heard this morning?

Mr. PACE. Yes.

Mr. DOXEY. All right. The list of witnesses we have here is Mr. Weekes, of Texas; Mr. Mayon Parker, North Carolina; Mr. W. T. Parker, of Virginia; and possibly Mr. Woodley.

We have endeavored to leave this largely with you gentlemen as to how to put these witnesses on. Of course, there is always something which comes up in a hearing that you did not expect.

I received in my office by personal messenger yesterday afternoon a letter from Mr. C. C. Hanson, who is secretary of the Association of Southern Commissioners of Agriculture. I do not know whether Mr. Hanson is here or not. Mr. Sheets is secretary. Are they here? (No response.)

I wish they were, because they stay here in Washington. I do not take this letter in the nature of a complaint. But he says, "The bill just introduced on Friday, January 31, and the hearings begun before this committee today"—that was yesterday—and he states when he received a copy he notified the various commissioners of the States they represent, and these commissioners of agriculture of the various States were interested in the bill, and they desire to be heard. Of course, they claim it is impossible to be heard at this hearing.

Mr. Darden, come on up here and be with us. I know you are interested in this bill.

Mr. DARDEN. I am not going to be able to be here for the whole hearing, Mr. Chairman.

Mr. DOXEY. We would be delighted to have you stay as long as you can.

Getting back to this letter of Mr. Hanson's, he says it won't be practical for any one of them to be heard before February 10. We want to be reasonable about this hearing and give everyone a chance

to be heard within a reasonable time, but I do not know what we are going to do about this bill if we keep putting the hearings off, as it has to be considered before the full committee. The first thing you know we are not going to know what is going to happen with reference to the bill and the calendar in the House. I am going to leave it to the members of the committee.

We started off with the idea of concluding the hearings tomorrow because we have to give up this room tomorrow, as that committee is entitled to this room, and is beginning hearings Thursday, and we cannot get in our committee room before the middle of next week.

Do you gentlemen want to continue the hearings? I want to be accommodating. I do not know whether these gentlemen are for the bill or against it, but I wish to give Mr. Hanson every consideration. What do you gentlemen think about it? He represents the commissioners of the Southern States.

Mr. PACE. Mr. Chairman, if you will permit me to say a word. Of course, the peanut producers are represented by gentlemen in attendance on this committee—that is, by the different cooperating associations—and the commissioners of agriculture have up to this time indicated no interest whatever in this legislation. As I explained yesterday, if much more delay is experienced in regard to this bill, it will prevent any proper consideration that the farmers or peanut producers should have in regard to this bill, and they certainly want to know what is going to happen, and I therefore move that Mr. Hanson be permitted to file a brief with the committee if it is filed not later than Friday night.

Mr. DOXEY. This coming Friday?

Mr. PACE. Yes; I suggest that.

Mr. DOXEY. I am going to entertain your motion, but I suggest Monday, for the reason that he has to get in touch with these various commissioners of agriculture.

Mr. PACE. All right, Mr. Chairman.

Mr. DOXEY. Of course, I do not know what is going to happen.

Mr. POAGE. Mr. Chairman, these commissioners have not expressed themselves as to whether they were opposed to the bill.

Mr. DOXEY. Not that I know of.

Mr. POAGE. If they are in favor of the bill, it looks like we have got better testimony than they can give us.

And the commissioners from Virginia and North Carolina can get here in a day, and the commissioner from Texas can be here if he flies. If they want to be here they can be here tomorrow.

Mr. PACE. I am willing to make it the 10th.

Mr. DOXEY. Mr. Gilchrist, do you wish to say something?

Mr. GILCHRIST. I was not here yesterday. It was not possible for me to be here. I am an officer in an agricultural association and my inclination is to go with the farmers in Iowa, but my records show that my sympathies are with all agriculture, and I think if anybody opposes this bill we ought to hear him.

I am one of those fellows that thinks if a judge is going to decide a case he should hear the fellows who are opposed in their testimony. Of course, some fellow who sympathizes with the bill does not need to be here.

My friend here at the left tells me the Department in Washington favors the bill and drew it—the Agriculture people here. That

satisfies me on that score. But if there is anyone abroad in the country who is opposed to the bill I would like to hear him.

Mr. PACE. I talked to Mr. Hanson's representative here yesterday. He indicated no opposition.

He is the paid representative—I do not know whether you call him a lobbyist or not—of the State commissioners of agriculture for the Southern States.

My commissioner of agriculture I do not suspect even knows the bill is in Congress.

I think Mr. Hanson feels probably it is his duty to appear each time something comes up.

Mr. GILCHRIST. But he naturally knew about the bill.

Mr. PACE. The bill has been introduced for about 4 or 5 months.

Mr. DOXEY. Of course, I do not want to bar anybody from testifying, but we cannot very well discuss this legislation ad infinitum. However, I want to communicate with Mr. Hanson, as to what the will of the committee might be, and it was our intention when we started to notify everybody. I know our clerk tried to, and I know Mr. Pace was interested in the proposition, not only out in the field, but here also. There were other Congressmen interested in it. The facts are, if Mr. Hanson opposes it or his organization opposes it, I certainly want him to be heard. But at present I want to shape our program, gentlemen, so that we can conclude these hearings, if it suits the committee, under Mr. Pace's motion, tomorrow. Then whoever wants to be permitted to file any sort of brief may do so within a reasonable time. This subcommittee is not going to have entire authority over this matter, as we have to go before the full committee. Is that the will of the committee?

Mr. PACE. Mr. Chairman, this bill has been before Congress for 5 months. The letter indicates it was filed on January 31, which is true of this bill, but the companion bill was filed 5 months before.

Mr. DOXEY. Yes, sir. That companion bill, I think, was H. R. 10723, or something like it.

Mr. GILCHRIST. If that be true that Mr. Hanson has not manifested any opposition to this bill for the past several months, I believe I would go along with Mr. Pace on this motion.

Mr. PACE. I would like to state for the record that the second print of the bill was filed on December 12, 1940, which was H. R. 10723, and weeks before that the original bill was filed, all of which are substantially the same thing, the only changes being one or two little administrative features.

Mr. DARDEN. Mr. Chairman, may I say a word?

Mr. DOXEY. Yes, sir; Mr. Darden, do you wish to make a statement?

STATEMENT OF HON. COLGATE DARDEN, JR., REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. DARDEN. Mr. Chairman, I think some early action is imperative on this legislation, because the original legislation embodied these very terms introduced by Mr. Pace last summer; was it not?

Mr. PACE. Yes.

Mr. DARDEN. And it has been discussed by groups that have come here to the Department of Agriculture, I know, on three occasions

when we have been down there about the payments, and each time it has been brought up they have said there has to be some legislation as to the limitation. And so far as I am concerned in my particular community, I am favorable to it. We here have to get some definite action immediately or the program is going to collapse. X It is just a question of when. The earlier we get to it, the sooner we will know we can continue with our program through the years. The Department told us very frankly late last winter that we could not survive under the present basis, and unless we arrive at some definite determination as to the fixing of the liability, the whole thing will collapse on account of this legislation which was introduced some time ago not being passed, and of course it was not possible to go into the matter fully until these hearings started, and I feel that the State commissioners should come here immediately and give us some relief this year, because unless we get something done in 3 weeks, so far as this program is concerned, it will not be of benefit. I think that is the thing we have to consider here.

(Later Mr. Darden submitted the following telegram from the Virginia commissioner of agriculture:)

RICHMOND, VA., February 5, 1941.

HON. COLGATE DARDEN,
House of Representatives.

It is my understanding Virginia peanut growers are favorable to H. R. 2983. Will appreciate any support you give it.

L. M. WALKER, JR.,
Virginia Commissioner of Agriculture.

HB 2983 Va.

MR. PACE. And the testimony here is that they are going to plant peanuts in Texas next week.

MR. DARDEN. You see, I could not come here on yesterday because I had to be down to the Navy Department, but I felt my friend here [Mr. Bonner] has the same problem, and I felt he could look out for me until I could get here this morning.

MR. DOXEY. We will let the matter stand as it originally started and try to finish tomorrow.

Would you mind, Mr. Pace, getting in touch with Mr. Hanson? I would be delighted to do it, but the fact is that you have followed this matter since its conception, and if there is any real reason for further hearings, I am sure the committee would be glad to have them; but if there is no reason, we will make out our full report if and when the committee meets.

With that matter concluded, we will try to hear the witnesses. Will you call the first witnesses, Mr. Pace?

MR. PACE. Mr. J. Mayon Parker, of North Carolina, please.

STATEMENT OF J. MAYON PARKER, PRESIDENT, GROWERS' PEANUT COOPERATIVE ASSOCIATION, HOME OFFICE AT EDENTON, BUSINESS OFFICE AT WAVERLY, VA.

MR. DOXEY. Mr. Parker, you understand our procedure. We are going to give you all the time that is necessary, but the thing we want you to do is to cover as much territory as possible in the least possible time.

Give your name, title, and place of residence to the reporter, please, sir.

Mr. PARKER. My name is J. Mayon Parker, of Ahoskie, N. C.; I am president of the Growers' Peanut Cooperative Association, home office at Edenton, business office at Waverly, Va., a cooperative association representing the peanut growers of North Carolina and Virginia, with 10,000 members, the organization that succeeded in purpose and operation the Peanut Stabilization Cooperative and a similar association in Virginia that formerly had operated the diversion programs for the Department of Agriculture.

× Insofar as this bill is concerned, I would substantiate what Mr. Parrish told you yesterday in explaining it, and it meets with the approval of the growers of North Carolina, and I am certain of Virginia, although I am more familiar with North Carolina than I am with Virginia.

As it has been explained to the growers, they have had a chance to understand its provisions, and at a meeting held in Jackson, N. C., on November 26, which was attended by a large number of the leading growers in the North Carolina producing area, they approved the bill in principle, together with the allotments to North Carolina that would come under it.

So far as the practical operation of peanuts is concerned, I am not very familiar with that. I am a small peanut grower myself. I principally publish weekly newspapers for my living.

Mr. W. T. Parker, manager of the Growers' Peanut Cooperative, could give you the details as to how he thinks this bill will work to the advantage of the farmers. I know that the farmers generally want quotas, and that they are anxious that they get legislation of a type that is embodied in this bill.

They are particularly anxious that the diversion programs, which have been so successful in keeping their farming from being unprofitable, be continued.

That is all I know that I could say about this, because I think Mr. Parrish yesterday explained to you all in detail about the bill and its purposes.

Mr. DOXEY. We thank you, Mr. Parker. It is your suggestion that the next witness should be Mr. W. T. Parker, of Virginia?

Mr. PARKER. Yes, sir.

Mr. DOXEY. Who will explain the practical features of the bill?

Mr. PIERCE. I would like to ask a question.

Mr. DOXEY. All right, Governor.

Mr. PIERCE. How does the bill help you out, just to control the production?

Mr. PARKER. It is to keep the price of peanuts from being unprofitable.

Mr. PIERCE. We hope that is true in all agricultural commodities.

How does this aid you, just simply to control production? And will that alone give you the price you ought to have?

Mr. PARKER. Sir, as I said, as to the practical operation of this bill, I would prefer some other gentlemen, who are more familiar with the mechanics of this thing, answer those questions for you, because I am not connected with the practical operation of the peanut program and with the legislation.

I do know that the peanut growers of North Carolina, and I am certain also of Virginia, are very anxious that this legislation be put through as rapidly as possible.

Mr. PIERCE. And the committee wants to help you.

Mr. PARKER. Yes, sir.

Mr. PIERCE. But they want to know what particular way the legislation is going to assist you in getting a better price. Let that come from other witnesses if you wish.

Mr. PARKER. Yes, sir.

Mr. PIERCE. It is all right.

Mr. PARKER. Mr. W. T. Parker could give you that information much better than I could.

Mr. DOXEY. All right, sir. We thank you, and will now call Mr. W. T. Parker, of Virginia.

Mr. BONNER. Mr. Chairman, in conjunction with Mr. Mayon Parker's statement, I have received a telegram from Mr. R. C. Holland, who is the president of the Peanut Stabilization Cooperative, Inc., and Mr. Holland agrees with Mr. Parker that the legislation is good and that all farmers in eastern North Carolina are in favor of it.

× I think he says in his telegram with one or two minor changes, which he has been assured by Mr. J. E. Thigpen, of the Department of Agriculture, will be agreed to, and at this time I would like to insert in the record Mr. Holland's telegram to me, and a statement of Mr. Holland, which Mr. Holland asks be inserted, and I also ask that Mr. Holland be permitted to make a further statement at some later date.

Mr. DOXEY. You may insert his statement in the record.

Mr. BONNER. Yes, sir.

Mr. DOXEY. Without objection, it is so ordered, and you may give it to the reporter.

(The telegram referred to is as follows):

HON. HERBERT C. BONNER,
House Office Building, Washington, D. C.:

Mr. J. E. Thigpen of United States Department of Agriculture has just left my home where he conferred with me at length concerning certain changes that have been made in H. R. 994 by Congressman Pace since the printing of the bill. It is believed these changes will meet all objections of this association to the bill except perhaps one or two relatively unimportant changes herein that we shall suggest to which we believe all other interested groups will readily agree. Please file this telegram along with our statement with the committee.

R. C. HOLLAND,
President Peanut Stabilization Cooperative, Inc.

(The statement of Mr. R. C. Holland is as follows:)

PEANUT STABILIZATION COOPERATIVE, INC., EDENTON, N. C.

To Subcommittee No. 1 of House Committee on Agriculture:

We beg leave to submit the following concerning H. R. 994:

1. The undersigned is a nonprofit farmers association and has a membership of 3,500 peanut farmers, residing in every county in North Carolina where peanuts are grown in any substantial volume for commercial purposes.

2. The directors of the association are chosen by the peanut farmers themselves and come from the larger peanut-producing counties in North Carolina, which insured broad representation on the board.

3. This association has been for the past 4 years and is now the only recognized and authorized organization in North Carolina representing the peanut farmers of North Carolina in matters of legislation affecting the production and marketing of peanuts in North Carolina.

4. This association is not aware of any statement or action, made or taken, by the peanut farmers of North Carolina conferring on any person, group of persons, or organization, other than this association, the right to speak for and represent them in legislative matters touching the production and marketing of peanuts in North Carolina, both State and Federal; and particularly the legislation embodied in H. R. 994, or any similar bill introduced in the last Congress.

5. This association favors in principle H. R. 994; but is unalterably opposed to that bill in its present form.

6. This association respectfully asks that this statement be made part of the record of hearings on H. R. 994; and further that the report of the committee on the bill be deferred until after February 17, 1941, in order that this association may have reasonable time and opportunity to file with the committee some suggestions in respect to changes in the bill that would meet the present objections of the association to the bill.

By order of all members of the board of directors, except J. Mayon Parker.
Respectfully submitted.

PEANUT STABILIZATION COOPERATIVE, INC.,
R. C. HOLLAND, *President*.

January 30, 1941.

Mr. PACE. I would like to present a telegram for the record. I present for the record a telegram from E. J. Howell, member of the board of directors of the Virginia and North Carolina Peanut Growers' Farm Bureau, as follows:

Confined in bed with flu. Peanut bill No. 994 is one of vital interest to peanut growers. I favor this bill.

Mr. DOXEY. You gentlemen know you have permission to insert in the record that type of material which is germane.

Mr. W. T. Parker, we will be delighted to hear from you.

STATEMENT OF W. T. PARKER, MANAGER, GROWERS' PEANUT COOPERATIVE

Mr. PARKER. My name is W. T. Parker, from Waverly, Va. I am a peanut farmer down in Sussex County; I am also manager of the Growers' Peanut Cooperative. I was manager of the old Virginia Peanut Growers' Cooperative since 1937.

Mr. DOXEY. Raise your voice, Mr. Parker, as we all want to hear you.

Mr. PARKER. Mr. Chairman, I would like to make this statement:

I have taken it upon myself last fall, in cooperation with the Farm Bureaus in the peanut counties of Virginia, the Extension Service, and the triple A, to have meetings in every peanut county and practically every community in the peanut area of the State of Virginia.

I attended all these meetings and attempted to explain the bill to the farmers, and we had large attendance at the meetings; I think conservatively 75 or 80 percent of the farmers in eastern Virginia attended these meetings and there was not one man who expressed any opposition to the bill, and I am glad to report that to you gentlemen.

I believe the peanut growers of Virginia are practically 100 percent behind this bill. If there is any opposition I have not heard it, and we hope you gentlemen will do everything possible to get this bill out of the committee as soon as possible and help us get it through the House and Senate, because we feel like we need the legislation.

I would like to say that Mr. Roy Parrish, one of your first witnesses here, has covered the subject so thoroughly, I do not see any use in my repeating what he has said. We collaborated in the statements he has made.

Mr. DOXEY. We thank you. Governor Pierce wants to ask you a question.

Mr. PARKER. Yes.

Mr. PIERCE. In what manner are you going to help the peanut growers with the legislation?

Mr. PARKER. Governor, the peanut acreage has expanded very rapidly in the last 4 or 5 years. I think someone brought it out here yesterday.

We are confronted with a situation now that when we have a good crop year we have a surplus of peanuts that is almost double the amount that the edible trade will use.

Mr. PIERCE. Then you do control production.

Mr. PARKER. Yes, sir.

Mr. PIERCE. I agree with you on that.

Mr. PARKER. Yes.

Mr. PIERCE. How are you going to help the price?

Mr. PARKER. We feel like peanuts are no different from any other crop, and if we can do away with the bulk of the surplus, you are bound to help your price.

Mr. PIERCE. But that does not always work.

Mr. PARKER. No, sir; it does not.

Mr. PIERCE. Are you relying upon your loan from the Government on peanuts to help fix your price, your minimum price?

Mr. PARKER. We are relying on a loan on the surplus or the diversion program. Under the Surplus Administration, we have had a diversion program for 4 years, and it has been——

Mr. PIERCE (interposing). What do you mean by "diversion program"?

Mr. PARKER. It is a program which I think was started in 1937, and we operate under the section 32 fund. The Secretary of Agriculture announces a diversion program and sets minimum prices. We have three cooperative associations in the United States that work with the Secretary in these diversion programs, and we are authorized to purchase peanuts at the price as stated by the Secretary, and in that way we have made a living price for the peanut farmer. Without this program in the past—and all of us are broke now—I do not know what would have happened, but we would have been out of the farming business before this.

Mr. PIERCE. You do not export any?

Mr. PARKER. No, sir; it is a very, very small amount, nothing to speak of.

Mr. PIERCE. And you are going to provide in this bill that the peanut grower shall have a loan value, or he can borrow so much money from the Government?

Mr. PARKER. A loan or a diversion.

Mr. PIERCE. You are going to go on that basis the same as in wheat and cotton?

Mr. PARKER. Yes, sir; we expect to.

Mr. PIERCE. Now, the effect of what that has been where used on basic commodities is to fix the minimum price.

Mr. PARKER. Yes.

Mr. PIERCE. Is there any other method in your legislation that would help you on prices except that?

Mr. PARKER. I do not know of any.

Mr. PIERCE. Now, by the diversion program, I just wonder how far you hope to carry that. Are you going to put it into other lines of this product? Are you going to put it in the oil trade?

Mr. PARKER. Yes, sir. That is what the diversion program has been. Of course, I am speaking of the cooperative association, when

I say "we." We purchase peanuts and store them, and in Virginia the bulk of our peanuts are what we call 3-A Virginia type peanuts, and the price on those peanuts for the last 4 years, I believe, has been \$65 per ton.

When the bulk of the peanuts is moving, if the market sags, under \$65, naturally we buy until it picks back up to it.

And as to these peanuts we purchase, we put the bulk of them into oil, and we send in claims to the Secretary on the difference we pay for the peanuts and what we get for them, which usually runs about half.

Mr. PIERCE. Have you inquired into what effect that will have on the oil trade?

Mr. PARKER. None whatever.

Mr. PIERCE. There is oil tied in together, and you break the equilibrium very easily when you shift from one place to another in what is called your diversion program.

Mr. PARKER. Governor, I am not competent to answer that question. Really, you would have to ask it of someone else. But I will try to explain it in this way: So far we have had such a small quantity of peanut oil in the United States, it has had practically no effect on the other oils in the United States.

Mr. PIERCE. What is your idea of a loan value?

Mr. PARKER. I do not know a thing about it. We have never had any experience with it in our area.

Mr. PIERCE. You have not worked out a formula in this bill.

Mr. PARKER. No, sir.

Mr. PIERCE. That is very important.

Mr. PARKER. We hope if we get this legislation and cut down on the acreage that we can continue with the diversion program, as we have for the last 4 years. That has been very satisfactory. What was worrying us was that the acreage is getting so large we know, and the Government has told us, that we should not continue to divert peanuts if we were to continue with an expanding acreage. We felt if we can get this legislation we can continue with the diversion program. I hope we can.

Mr. PIERCE. I suggest we have somebody from the Department down here, these active young men who are really handling this program, to come up here and tell us from the record just how much oil is diverted, and what effect it would have.

Mr. PACE. I have the official record figures here.

Mr. PIERCE. I do not mean Mr. Wickard.

Mr. PACE. I have the official figures here, and I will put them in the record.

Mr. DOXEY. I think we will have to have the Department heads here. Does the clerk know whether their report has been sent for?

The CLERK. It is supposed to be on its way, but I have not seen it.

Mr. PACE. There is a witness here who can cover that thoroughly.

Mr. DOXEY. We might get to him this morning.

I think, Mr. Parker, the matter you farmers have in mind is to sort of adopt this program as it is to keep from expanding, and you feel that will take care of the price now where it is comparative at \$65, and you can get a loan. And peanuts differ from other commodities where loans are made, for the reason that peanuts are perishable, and in order to put a loan on them it would have a different effect

than on other commodities. You also feel, as Mr. Parrish testified yesterday, that this legislation will just preserve the present program. That is about the substance of how you gentlemen feel about this thing?

Mr. PARKER. Yes, Mr. Chairman.

We feel like we have had one of the best agricultural programs that has ever been devised here in Washington.

Mr. PIERCE. I agree with you.

Mr. GILCHRIST. Mr. Parker, I have not read the bill. Do you propose control through control of acreage, cutting down the acreage?

Mr. PARKER. The acreage for edible production.

Mr. GILCHRIST. For edible peanuts?

Mr. PARKER. Yes.

Mr. GILCHRIST. At the present time you gentlemen think there are too many acres going into the production of edible peanuts?

Mr. PARKER. Yes, sir.

Mr. GILCHRIST. So that the volume of peanuts in the market is so large that it cuts down the price?

Mr. PARKER. Yes, sir.

Mr. GILCHRIST. The supply is excessive?

Mr. PARKER. Yes, sir; almost 100 percent.

Mr. GILCHRIST. What are you going to do with the acreage that is taken out of peanut production when this bill passes?

Mr. PARKER. We will do the same thing that has been done with other crops. It is a small percent of the whole, and the farmers in my area are willing to make this reduction.

Mr. GILCHRIST. I know, but what do you mean when you say you will do the same as with other crops?

Mr. PARKER. We have had control programs on tobacco, cotton, and wheat.

Mr. GILCHRIST. What do you do with the acreage taken out of production? That is all I want to know.

Mr. PARKER. We have acreage in soil-conserving crops.

Mr. GILCHRIST. You have acreage in soil-conservation crops?

Mr. PARKER. Yes, sir.

Mr. GILCHRIST. And that is the theory of this bill?

Mr. PARKER. Yes, sir.

Mr. GILCHRIST. All right; that is all.

Mr. PACE. Mr. Parker, the bill is to keep more acreage from going in rather than taking any out?

Mr. PARKER. That is right.

Mr. PACE. It will do both, but the principal object of the bill is to keep more acreage from going in rather than taking any out, and thus create a rigid expansion rule as to more acreage.

Mr. PARKER. That is entirely right.

Mr. PACE. Mr. Parker, Governor Pierce seems to be disturbed about a few pounds of peanut oil going into the oil trade. Let me ask you whether or not the peanut area is practically the same as the cotton area; that is, peanuts are grown only where cotton is grown?

Mr. PARKER. That is correct.

Mr. PACE. Probably with the small exception of Virginia.

Mr. PARKER. Which is very small.

Mr. PACE. Do you know how many acres were taken out of cotton production under the Triple A Act?

Mr. PARKER. About 12,000,000 acres.

Mr. PACE. About 12,000,000 acres.

Mr. PARKER. Yes, sir.

Mr. PACE. And when you took it out of production of cotton, you took it out of the production of cottonseed, did you not?

Mr. PARKER. Yes, sir.

Mr. PACE. What is cottonseed used for now?

Mr. PARKER. It is used for oil and meal.

Mr. PACE. Oil and meal.

Mr. PARKER. Yes, sir.

Mr. PACE. Then in 1939 and 1940, on 24,000,000 acres of cotton harvested there was 1,334,000,000 pounds of cottonseed oil produced on 24,000,000 acres, and when we took 12,000,000 acres out of production we took about half of that figure of oil off the market, did we not?

Mr. PARKER. Yes, sir. It is hard to follow your figures, but I trust you. Those figures I will accept as correct and agree with you.

Mr. PACE. Let me ask you this way, Mr. Parker: If in 1939 and 1940—I am reading from a Department of Agriculture official bulletin—

Mr. PARKER (interposing). Mr. Chairman, I have known Steve Pace for a long time, and I know he won't take advantage of me.

Mr. PACE. Thank you, Mr. Parker. If 24,000,000 acres of cotton land in 1939 and 1940 produced 1,334,000,000 pounds of oil, an additional 12,000,000, which was 50 percent in acreage, would have produced approximately 50 percent more of oil?

Mr. PARKER. That is right.

Mr. PACE. Or over 600,000,000 pounds?

Mr. PARKER. Yes, sir.

Mr. PACE. Then should there be any objection if it became necessary under this program to move a small quantity of peanuts off the market by crushing them into oil to let a few pounds of peanut oil replace over 600,000,000 pounds that we have surrendered in cottonseed oil?

Mr. PARKER. I think it is proper that we should be allowed to put our surplus of peanuts into oil.

Mr. PACE. If it became necessary.

Mr. PARKER. Yes, sir.

Mr. PACE. And under no circumstances would it be possible to produce enough peanuts to replace the loss we have had on cottonseed oil.

Mr. PARKER. You are correct in that.

Mr. PACE. And certainly the southern farmers who lost 12,000,000 acres, which was equivalent to half of the production of cottonseed oil, are as much entitled to put a small amount of this acreage in peanut oil as were the farmers of the Northwest in increasing the acreage as to soybeans to over 10,000,000 acres, the majority of which goes into oil?

Mr. PARKER. Yes, sir.

Mr. PACE. And do you not think one has as much right as the other, the cotton farmer has as much right to put a few pounds into oil as the soybean producer?

Mr. PARKER. Yes, sir.

Mr. PACE. And while there is no fight over it, there is a comparison there.

Mr. PARKER. Yes, sir.

Mr. PACE. I read you from the official bulletin of the Department of Agriculture, brought down to date, December 1, 1940, published on August 15, 1940, as the amount of peanut oil—and, Governor, I want you to hear these figures as to the amount of peanut oil—which has been produced in the last 10 years.

I read you these figures, Mr. Parker:

In 1930, it was 17,000,000 pounds; in 1931, it was 11,000,000 pounds; in 1932, it was 14,000,000 pounds; in 1933, 11,000,000 pounds; in 1934, it was 56,000,000 pounds; in 1935, it was 62,000,000 pounds; in 1936, it was 79,000,000 pounds; in 1937, it was 65,000,000 pounds; in 1938, it was 84,000,000; in 1939–40, it was 34,000,000.

I read you those figures, Mr. Parker, and want to ask you of the total oil production in the United States in 1939–40, when the production of peanut oil was 34,000,000, and the total production of oil in the United States, not including imports, was 6,291,000,000 pounds, do you think that that 34,000,000 pounds of peanut oil had any appreciable effect on the oil supply or oil market?

Mr. PARKER. I do not see how it could.

Mr. PACE. It could not possibly.

Mr. PARKER. No, sir; I do not think reasonably it could.

Mr. DARDEN. And it is not in competition with most other oils.

Mr. PACE. That is true. Mr. Darden said it was not in competition with most other oils.

Mr. PARKER. Yes, sir.

Mr. PACE. And it does not even enter into the competitive field generally and has a use that no other oil can replace.

Mr. PARKER. That is right.

Mr. PIERCE. I think a great deal of difficulty in the bill, if I have got it right, comes in allowing the unrestricted production for oil.

I agree with you, Mr. Pace, that the amount is so small it will not affect much, but when you turn them loose and say you can have all the acreage you want if you sell it for the oil trade, I just wonder then, and it seems to me there is the opening to bootlegging into the edible trade with plenty of avenues, and it would seriously affect us.

I think you have to control for all purposes.

Mr. PARKER. Governor, I quite agree with you.

Mr. PACE. Governor, get this question: Mr. Parker, if this bill does not pass restraining the production of peanuts, will more peanuts go into oil if the bill does not pass than would if the bill does pass?

Mr. PARKER. Very many more peanuts would go into oil if the bill does not pass.

Mr. PACE. That is to say that the bill will limit the amount of peanuts over uncontrolled acreage production.

Mr. PIERCE. Can't you see how the man producing for oil easily can slip it over into the edible trade?

Mr. PACE. No, sir; not under this bill. You have not studied the machinery of the bill, Governor.

Mr. PIERCE. No; I have not. But it just seems to me that with bootlegging going on in other lines that would be the easiest thing on earth.

Mr. PACE. Let me assure you that the bootlegger is covered in the bill.

Mr. PIERCE. I just wanted to help you.

Mr. PACE. Let me assure you that in this bill the bootlegger cannot function.

Mr. PIERCE. I hope not.

Mr. PACE. Mr. Parker, do you agree with me on that statement?

Mr. PARKER. Yes, sir.

Mr. PACE. And that under the administrative machinery set up under this bill and under regulations to be issued by the Secretary under this bill there can be no shifting of the peanut production into the edible trade, except that produced on the allotted acreage under the quota?

Mr. PARKER. I agree with you thoroughly, Mr. Pace.

Mr. Chairman, if you will permit me, I would like to explain to the Governor here, as he is worrying about the acreage of peanuts produced in excess of the allotment for oil, and so far as the farmers are concerned in our area, they would not be interested in producing peanuts for oil at the prices that we have had for the last 4 years. It could not be done. We are getting \$25 to \$30 a ton for our best peanuts from the oil crushers today, and the farmers cannot produce them to be sold for that.

Mr. PIERCE. What will it cost them?

Mr. PARKER. It will cost them at least \$60. Some of them say it costs \$80. I do not know how it is that farmers can keep on producing crops and selling them for less than it costs them to produce. I do not know how that happens, but they have always done it.

Mr. POAGE. Mr. Parker, is it not a fact that the machinery to handle the bootlegging has all been set up and been in operation for the last 4 years?

Mr. PARKER. Yes, sir.

Mr. POAGE. And this bill simply freezes acreage at what it is today, and you will handle the surplus into the oil trade, just as you have been handling it for the last 4 years.

Mr. PARKER. Yes, sir; that is my understanding.

Mr. POAGE. Is it not true that during the past 4 years you have been successful in disposing of that surplus into the oil trade?

Mr. PARKER. Yes, sir.

Mr. POAGE. And you have been manager of one of these cooperatives.

Mr. PARKER. Yes, sir.

Mr. POAGE. Have you had many of those peanuts which were supposed to go into the oil trade going into the edible trade?

Mr. PARKER. Not a single pound.

Mr. POAGE. They could not without you knowing it, could they?

Mr. PARKER. No, sir.

Mr. POAGE. And you would continue the same plan of operation, so far as the disposition of the surplus is concerned?

Mr. PARKER. So far as I know, the same program will be continued the way we have handled it for the last 4 years.

Mr. POAGE. The bill does not change that.

Mr. PARKER. No, sir.

Mr. POAGE. It simply controls the acreage.

Mr. PARKER. That is right.

Mr. POAGE. Or gives you a better control. You have had a control which is not adequate.

Mr. PARKER. We have not had any control. We have had soil conservation.

Mr. POAGE. You have had soil conservation, yes.

Mr. PARKER. But it seems so small that really there was not any control.

Mr. DOXEY. Mr. Rizley wants to ask you a question.

Mr. RIZLEY. As I understand, you are a farmer, Mr. Parker?

Mr. PARKER. Yes, sir; been farming all my life.

Mr. RIZLEY. Will this bill, in your judgment, give equal protection to the small farmer; that is, the farmer with one mule and 10 acres, as I know him down in my country, as to the city government farmer with powerful machinery? As I understand, some of the farms have as much as 1,000 to 1,200 acres of peanuts, and will it give equal protection to the small farmer?

Mr. PARKER. I think it will give him more protection, because he has to have less income and is the man producing those peanuts himself. The larger farmer would have to produce them with hired labor, and when you raise the income I believe you would be helping the small farmer more than you would the larger one.

Mr. RIZLEY. My purpose for that question, and the thing I am alarmed at, in Oklahoma is the tendency toward depopulating the farmers under this program.

Mr. DOXEY. You do not consider that we have been depopulating the farmers under this program?

Mr. RIZLEY. No, sir; but—

Mr. DOXEY (interposing). It is just the trend of the times when people are leaving the farms and going to the cities. I think this has been a good program, although we might not all agree.

Mr. PARKER. I thank you for hearing me, Mr. Chairman.

Mr. DOXEY. Mr. Dickson, of the Department, is here. Have you peanut growers finished?

Mr. PACE. Just one more man is all we have, Mr. Chairman, and I think Dick Weekes might want to say a word about it.

STATEMENT OF DICK WEEKES, MANAGER, SOUTHWESTERN PEANUT GROWERS' ASSOCIATION, GORMAN, TEX.

Mr. DOXEY. Give your name, your title, and where you are from.

Mr. WEEKES. My name is Dick Weekes, and I am manager of the Southwestern Peanut Growers' Association, with headquarters at Gorman, Tex.

Mr. POAGE. Where did you say?

Mr. WEEKES. Gorman, Tex., handling the S. M. A. peanut diversion program in Texas, Oklahoma, and New Mexico, with 7,500 paid members.

Mr. Chairman, calling Mr. Dickson before the committee, kind of chiseled in on my racket.

Mr. DOXEY. We do that now and then.

Mr. WEEKES. Because to the Governor I want to say that if you had crushed in 1940 the peanut crop, which is the longest crop that has ever been produced, if you had crushed the entire production in 1940, it would only have amounted to 5.8 percent of the total quantity of oil consumed in the United States for the same year. So you can see that the peanuts that are going into oil are not alarming at this time.

And I agree with the other gentlemen, who have testified, that you cannot produce peanuts commercially for oil with the present price

of oil. And if oil should advance so as to justify the producers to produce their peanut oil, then there would not be any need of a control program on peanuts, as that would take care of the whole situation. We would not need a diversion program.

Now, without some form of acreage-control program, and with a very small surplus, it has a tendency to put the price of all peanuts on the oil level. A sheller is not going out here and buy his former supply of peanuts in the face of a surplus. He knows in the event he does that, that sooner or later the price of peanuts is going to break and go to the oil level, and he would be caught with a stock on hand, and therefore have to take a loss.

Now, in 1932, if you will remember, peanuts went to 30 cents a bushel. That was a cent a pound. That made easy figuring. And in 1934, when we got our first peanut allotments on 1935, based on the 1933-34 acreage, the price of peanuts started up. We were reducing acreage in cotton all the time, and some of this cotton acreage went into peanuts.

Now, with the national allotment we have for 1941, with a long crop in all areas, that would amount to some 84,000 tons surplus that was on allotted acreage with a long crop in all areas. But with a short crop in all areas, there would not be any surplus, so we find we only have an allotment sufficient to take care of the edible consumption to the trade, in the event we have a short crop in each area.

I do not think that the oil situation is alarming.

Personally, as a grower, if we could continue a diversion program and handle all the peanuts that can be produced, I would a lot rather do that than to have a control program of some other kind, as we know with more and more land being planted in peanuts all of the time we cannot continue with a diversion program without some form of acreage control. Therefore, we are in favor of this bill.

Our cooperative has our own peanut growers' newspaper, with 7,500 circulation, and in last month's issue we carried a copy of this bill, similar to the one now pending, and so far I have not had one letter in opposition to that bill in the Southwest.

If there are any questions, I would be glad to try to answer them.

Mr. PIERCE. I want to know about the loan you will want in here. Have you any ideas as to the formula you want? What is your idea? How high would you go? You say it costs you \$60 a ton to produce. What portion of that would you expect the Government to loan?

Mr. WEEKES. Governor, this is not a loan program we have been operating under.

Mr. PIERCE. You will find that is the chief thing in it, is the loan.

Mr. WEEKES. It is a diversion program.

Mr. PIERCE. It fixes the minimum price.

Mr. WEEKES. It is a diversion program.

Mr. PIERCE. It fixes the minimum price.

Mr. WEEKES. That is right. With a diversion program we buy these peanuts at a fixed price and then divert them to oil and by-products. Please get this: If you buy 1,000,000 bales of cotton and carry it for 5 years, the only place that it can go is to either export, a subsidy, or back into the normal channels of trade. Of course, that has a depressing effect on the market.

Peanuts cannot be carried over in a market unless you carry them in cold storage. We do not have a surplus.

I have not gone into how the loan program works, but we know the loan will be the price the farmer will get at whatever it is set at. That is the only way it could work.

I have been connected with the control program and I think the diversion program is the most successful I have ever seen.

Mr. PIERCE. Yes; but you are diverting over into other lines.

Mr. WEEKES. That is right, Governor.

Mr. PIERCE. And you must remember that as to competitors in that other line, you will be treading on their toes.

Mr. WEEKES. That is right. Granting you that we will crush every peanut of the production of the United States, that would only amount to 2.9 percent of all the fats and oils consumed in the United States. That is not an appreciable amount.

Mr. PIERCE. Does the growing of peanuts lend itself to the use of machinery to any extent? Like picking them up? You shell them by machinery?

Mr. WEEKES. That is right. But we have been doing that since the peanut industry started.

The only improvement I have seen is in the Southwest, a side delivery rake picks the peanuts up and puts them over in a pile. That is the only improvement that I know of in the peanut industry which has been started.

Mr. PIERCE. That is being used?

Mr. WEEKES. Yes, sir.

If there are no questions, I thank you.

Mr. DOXEY. We thank you very much, Mr. Weekes.

STATEMENT OF A. M. DICKSON, IN CHARGE OF THE PEANUT DIVERSION PROGRAM, DEPARTMENT OF AGRICULTURE

Mr. DOXEY. Now, Mr. Dickson, will you give your name and title to the reporter?

Mr. DICKSON. My name is A. M. Dickson; I am in charge of the peanut-diversion program in the Surplus Marketing Administration of the Department which they have been talking about here.

Mr. PACE. I want to ask you a question at this point.

Mr. DOXEY. He wants to make a statement first.

Mr. DICKSON. No, sir; I just want to say that the Department's report has not come over yet, and until it does I do not think we can testify officially.

Mr. PACE. I did not intend to ask you about the Department's attitude.

Mr. DICKSON. I will be very glad to give you any information which I have available about the program.

Mr. PACE. Mr. Dickson, did you follow me when I was reading? What is this that I have been reading from?

Mr. DICKSON. That is a publication we prepared in our unit for use in connection with the hearing we had last August on the diversion program. It is a recapitulation of data available in the Year-book of the Department of Agriculture and also published in reports of the Crop Reporting Board. It was assembled from a number of places and presented in such a way that you can readily see it. It is more or less an exhibit of material.

Mr. PACE. Turn to table 17. Did you follow me a moment ago when Mr. Parker was on the stand when I read the figures as to the amount of peanut oil that has been produced in the last 10 years?

Mr. DICKSON. Yes, sir.

Mr. PACE. Without having to repeat them, did I correctly read those figures, and are those correct figures?

Mr. DICKSON. Yes, sir; those figures are published by the Census Bureau.

Mr. PACE. They are official?

Mr. DICKSON. Yes, sir.

Mr. PACE. And they show that in 1939 the amount of peanut oil produced was 34,000,000 pounds.

Mr. DICKSON. Yes, sir.

Mr. PACE. Now, Mr. Dickson, I wanted to ask this question: As the peanut industry exists today, would the amount of peanuts that could be crushed into oil have any appreciable effect on the supply of vegetable oils, or all fats and oils?

Mr. DICKSON. Your question concerns the amount of peanuts crushed in 1940? You say today. Do you mean this year?

Mr. PACE. I would rather put it generally, considering back years, this year and future years under this bill.

Mr. DICKSON. That is in a way a hard question to answer.

It is rather inclusive. We normally produce on the acreage now planted in peanuts around 650,000 tons of peanuts a year. That is set forth in table 9.

For the first time in the history of data on peanuts, we have this year a bumper crop in all producing areas.

Mr. PACE. That is the reason for this bill.

Mr. DICKSON. Not only a bumper crop in the Virginia-North Carolina area, but a bumper crop in the southeastern area, and a bumper crop in the southwestern area.

As a rule, we have a poor crop in one or more of these areas. Look at the production last year. In the southeast you did not produce much more than half a crop, but Virginia had a good crop, and Texas had a fair crop.

We usually do not have good growing conditions in all areas, but in 1940, we had a bumper crop everywhere. That does not occur very often.

As to the peanuts which will be crushed this year we can only guess at this time. The Crop Reporting Board has estimated the production at 805,000 tons. Out of that, an estimated quantity of about 130,000 to 140,000 tons will be required for use on the farm, for seed, for sale off the farm for miscellaneous uses, and for feed. When stored on the farm, people get a handful now and then, which consumes lots of peanuts. So deducting 140,000 tons from 805,000 tons leaves 665,000 tons as the commercial crop, or the crop available for cleaning and shelling and crushing for oil.

Out of the quantity produced this year we have bought for diversion in the Surplus Removal Program about 387,000 tons. We won't crush all of those, but perhaps will crush all except about 50,000 to 100,000 tons.

Mr. PIERCE. You will not crush them. Why not?

Mr. DICKSON. They will go back to the edible trade. The demand is picking up now.

Mr. PACE. What is your estimate of the edible consumption this year?

Mr. DICKSON. It should be more than 400,000 tons.

Mr. PACE. It is usually more than that?

Mr. DICKSON. I am trying to be conservative.

Mr. PACE. It is usually more than that?

Mr. DICKSON. I would say 375,000 to 400,000 tons, which would leave about 200,000 to 250,000 tons to be crushed this year. Peanuts yield an average of about 570 pounds of oil per ton. Multiply that out, 200,000 tons times 570, and it is 114,000,000 pounds of oil, if I figure it right. And the amount of oil consumed in America is about 6½ billion pounds. The proportion of peanut oil produced and consumed this year will be about 1 or 1½ percent.

Mr. PIERCE. How much of that is imported?

Mr. DICKSON. I do not know what the imports will be this year.

In connection with Mr. Pace's statement a minute ago about the production in 1939—40 of 1,134,000,000 pounds of cottonseed oil, and 114,000,000 pounds of peanut oil, the 12,000,000 acres taken out of cotton production would account for about a half billion pounds of oil. The importation of oil ordinarily is around a billion pounds annually.

Perhaps I am talking off on a tangent; perhaps I had better wait for a question.

Mr. PIERCE. That is all I wanted.

Mr. COOLEY. Will you give me those figures again, the peanuts produced, and the quantity purchased by the Government?

Mr. DICKSON. The quantities purchased this year are 387,000 tons, the total crop produced is 805,000 tons, and it will require about 140,000 tons for use on the farm. This will leave available for commercial purposes about 665,000 tons, and we have bought 387,000 tons. Deducting 387,000 tons from 665,000 tons leaves 278,000 tons available for commercial purposes, which means we would sell back to the edible trade, of the 387,000 tons, around 100,000 tons or 125,000 tons. But, of course, we may not sell that many, and it may be only 50,000 tons.

Mr. PIERCE. If you do not sell them, what happens to the peanuts?

Mr. DICKSON. We crush them.

I want to make one more statement about the diversion program. The diversion program is based on the fact that you have one value for peanuts for edible purposes, which is mostly for peanut butter, confections, and candy, and another value for crushing purposes which usually is lower. We have not yet developed peanuts as a basic human food.

When we crush these surplus peanuts, we make an oil which is bought by refiners and used mostly for making shortening and other cooking oils. The meal is used as feed in competition with cottonseed, soybean, and other protein feeds. The proteins of peanuts are very good for human food, and so are the oils.

I am thinking now that the diversion program should take a little different turn. The oil, no doubt, can become a premium oil like olive oil and the meal could be made into a flour which can be combined with wheat flour to fortify it so as to contain the necessary vitamins and minerals which wheat flour lacks. Of course, this would have to come along slowly.

The program might be operated like our cotton bagging program. We started out paying about \$1.25 per pattern for cotton bagging

and donating it to certain communities. The next year we extended it to one variety communities, and the next year we paid the difference between 45 cents, at which the manufacturer was required to sell it, and what it cost. I believe the difference that year amounted to 27 cents per pattern. Last year it was 25 cents, and our program for the next year is going to be 15 cents. In another year, if no payments are necessary, we will have established an industry using cotton bagging.

I can conceive of the peanut program taking such a turn; if we proceed to establish the use of peanut oil and flour for human food.

Mr. PIERCE. Does the oil enter into competition with lard at all?

Mr. DICKSON. At the present time, yes, sir; it is the very best edible oil.

Mr. PIERCE. And it competes with olive oil?

Mr. DICKSON. All oils compete.

Mr. PIERCE. How is the price on lard now? Is it down?

Mr. GILCHRIST. It is very low.

Mr. PACE. I think that covers all I wanted.

Mr. DOXEY. Mr. Dickson, I am interested in the great work done in the diversion program. What do you usually pay for these surplus peanuts?

Mr. DICKSON. It is a fixed price, Mr. Doxey.

Mr. DOXEY. What is it?

Mr. DICKSON. For No. 1 Spanish, which is a base grade, \$65 per ton; \$61 per ton No. 2, and \$56 per ton for No. 3. The purchases on Spanish peanuts average about \$61 per ton.

Mr. DOXEY. From your past experience, about how much of this surplus have you purchased that you have been able to resell to the trade for edible purposes?

Mr. DICKSON. We have not resold any appreciable quantity in prior years.

Mr. DOXEY. The bulk of it goes into oil?

Mr. DICKINSON. Yes; it is because of a special condition in the industry. The millers should speak on this. There are millers here from Georgia, and from Virginia. Those millers who buy from farmers year after year usually try to buy what comes to their doors. In so doing, at a time when production was expanding, they have overbought. We have not purchased the surplus. This year we think we have more than bought the surplus.

Mr. DOXEY. One of the things in my mind is that you use funds you get from section 32, which is 30 percent of the custom's receipts. That is the fund you use to handle this diversion program, is it?

Mr. DICKSON. Yes, sir.

Mr. DOXEY. How much did you spend last year on peanuts?

Mr. DICKSON. I have the figures here, and I think perhaps they should go into the record.

Mr. DOXEY. I would like to have them.

Mr. DICKSON. The trend of the figures is most significant, the way they have increased.

Mr. COOLEY. The figure you say, for the last year, is \$699,000?

Mr. DICKSON. Yes, sir, that is right. Let me take a minute and I will give you figures for the first year, which is 1934. That year, we diverted 76,000 tons of peanuts, at a cost to the Government of \$751,000, and in 1935, we diverted 36,000 tons of peanuts, at a cost of \$306,000.

In 1936, we had no program, because the price of oil was about 9 or 10 cents per pound, and we had good general demand conditions, a good crop, and the largest edible consumption on record. That year, the southeastern runner peanuts were somewhat damaged by a rainy season during harvest, and the millers mostly bought them without grading them. When they later found they had a large proportion of pick-outs, and the oil market had advanced to where they could sell the peanuts profitably for oil, they did so, and we did not have a diversion program that year. But in 1937 we crushed 83,000 tons, at a cost of \$2,302,000.

Mr. PIERCE. Where did that money come from?

Mr. DICKSON. Section 32.

Mr. PIERCE. From section 32?

Mr. COOLEY. Two million and what?

Mr. DICKSON. \$2,302,000. The next year, 1938, we crushed 129,000 tons at a cost of \$3,339,000. That is the year we used section 12 money.

Mr. PIERCE. But you have used some section 32 money?

Mr. DICKSON. That has been true every year except in 1938. In 1939, we diverted 34,000 tons at a cost of \$699,000. This year we will crush, I think, about 225,000 tons, and the cost is going to be around \$10,000,000 to \$12,000,000.

Mr. COOLEY. Did you mean 34,000 tons in 1939? At a cost of \$699,000?

Mr. DICKSON. That is all.

Mr. COOLEY. That is all?

Mr. DICKSON. That year, there was a crop failure in the southeast.

Mr. PACE. Mr. Dickson, we do not know what the cost will be this year, but the cost any year prior to this year has not been as much as the United States Government has collected on the import of foreign oil into this country?

Mr. DICKSON. I do not think so; I am not sure, but I think you are right about that.

Mr. PACE. In other words, the program in that respect has not cost the Government anything?

Mr. DICKSON. You would have to make that statement.

Mr. PACE. That is all I know of.

Mr. DICKSON. There is one other statement I would like to make. The peanut belongs to the garden peas or sweetpea family. It bears the nut under the ground, and for that reason the peanut grows only on sandy loam soil. Four-fifths of the cotton belt is that kind of soil. If you have 40,000,000 acres growing cotton you have more than 30,000,000 acres which can grow peanuts.

Mr. COOLEY. Did I understand that the Government now has 387,000 tons of peanuts on hand?

Mr. DICKSON. No, sir; we have on hand now about 180,000 tons.

Mr. COOLEY. And you have crushed how many thousand this year?

Mr. DICKSON. I do not have the figures in front of me, but up to last Saturday I noticed that it was about 207,000 tons.

Mr. COOLEY. One hundred and eighty thousand tons left on hand?

Mr. DICKSON. Yes, sir.

Mr. COOLEY. Do you expect to crush those or hold them for the trade?

Mr. DICKSON. We have been crushing about 10 to 12 thousand tons a week in the southeast, about 1,500 tons a week in the southwest,

and about that many in the Virginia area where the oil mills are rather well stocked up with cottonseed and soybeans.

Mr. COOLEY. Is it your plan to crush them?

Mr. DICKSON. Of course, we crush them in an orderly manner.

Mr. PIERCE. You rely more on this diversion program than you do on the loan or control, do you not?

Mr. DICKSON. The diversion program is really more adaptable than the loan because the peanuts do not keep well in certain kinds of weather.

Mr. PIERCE. Then you cannot keep them?

Mr. DICKSON. You can keep them all right as long as it is cool.

Mr. PIERCE. I am thoroughly in sympathy with your loan program, but I think the diversion program has to be approached with a great deal of care if you do not rock the other machinery.

Mr. COOLEY. If this bill ever passed, is it not most likely the Government would not have to purchase as many peanuts next year as you did last year? In other words, can you curtail your diversion program?

Mr. DICKSON. It is my personal opinion that the diversion program is only a stop gap. Under bumper-crop conditions, as we have had this year, we will divert a large quantity of peanuts. I think, under ordinary conditions, under the operation of the bill, we would divert from nothing to 25,000 to 30,000 tons per year. That is a personal guess.

Mr. DOXEY. The converse of that would be true if something is not done to regulate the increase in tendencies to increase peanut production, would it not?

Mr. DICKSON. It more likely would be a program similar to the one this year when we will divert nearer 225,000 to 230,000 tons.

Mr. PIERCE. Those you are crushing now, you are crushing at a loss?

Mr. DICKSON. We are crushing at a loss, and selling Spanish peanuts at about \$40 a ton.

Mr. PIERCE. And they cost around \$60?

Mr. DICKSON. They cost about \$60 or \$65.

Mr. DOXEY. You are in a position from experience to tell the Government definitely that nobody can raise peanuts profitably for oil under the present market?

Mr. DICKSON. Under the present market; no, sir. That is all I have.

Mr. PACE. Mr. Chairman, are there any other representatives of the producers and producers' cooperatives, that would like to testify?

Mr. HOLSINGER. Mr. Chairman, I would be glad to make a short statement, if I would be in order.

Mr. DOXEY. Come around and give your name, title and address to the reporter, and we will be glad to hear from you.

STATEMENT OF G. F. HOLSINGER, PRESIDENT, VIRGINIA FARM BUREAU FEDERATION, HARRISONBURG, VA.

Mr. HOLSINGER. My name is G. F. Holsinger, Harrisonburg, Va., and I am president of the Virginia Farm Bureau Federation.

Mr. DOXEY. All right, sir.

Mr. HOLSINGER. The Virginia Farm Bureau Federation had its annual convention and passed a resolution during the last annual con-

vention in March of 1940, endorsing in general the principles of this bill, including the principle of marketing quotas.

The Virginia Farm Bureau Federation is not made up just of producers of peanuts in its membership. It is a general farm organization. Yet the endorsement was unanimous for this general principle in this bill.

That is all the statement, Mr. Chairman, that I would like to make.

Mr. DOXEY. We thank you very much. Is there any other gentleman out there who wishes anything? If there is, please let him come forward.

Mr. HOLSINGER. Of course, we believe it is an effective measure to prevent the expansion of peanuts under the diversion program.

Mr. PIERCE. Why do you not control the whole production? Why do you allow them to go loose and produce anything for oil?

Mr. HOLSINGER. We would not be opposed so far as I know to such a program.

Mr. PIERCE. You feel that has got to come in the whole line of agriculture production?

Mr. HOLSINGER. Yes, sir.

Mr. DOXEY. Gentlemen, we have, so far as I know, about taken care of the gentlemen who indicated their desire to testify as to this matter. If there is anybody else out there who wants to make a brief statement, we would be glad to hear from you. And as to those of you who want to insert a statement in the record, you can give it to the reporter today.

Mr. COOLEY. I would like to know whether there is any opposition to this bill.

Mr. PACE. I do not know about any opposition, but Mr. Woodley and Mr. Lavery have indicated a desire to be heard on this bill, one of them being from the Columbia Peanut Co., and Mr. Lavery represents the Curtis Candy Co.

Mr. DOXEY. Mr. Woodley, do you wish to be heard?

STATEMENT OF W. P. WOODLEY, REPRESENTING VIRGINIA-CAROLINA PEANUT ASSOCIATION, SUFFOLK, VA.

Mr. WOODLEY. Yes, sir.

Mr. DOXEY. Are you in opposition to the bill?

Mr. WOODLEY. Mr. Chairman, I am not in opposition, but I would like to say some things that might be construed as being in opposition.

Mr. DOXEY. Please state your name, your title, and your place of residence.

Mr. WOODLEY. W. P. Woodley, from Norfolk, Va.; I represent the Virginia-Carolina Peanut Association, which is an organization of peanut millers, who devote all their time to milling peanuts for edible purposes. We do not operate oil mills; we are engaged only in milling of peanuts for edible purposes. (Gentlemen, we believe the edible use of peanuts is what gives the peanut its value so far as production is concerned. The oil is a secondary outlet.)

As Mr. Dickson told you, it takes a subsidy in most years to make the market attractive for oil.

We believe any program should give favorable consideration and first consideration to the edible market.

I do not know how familiar you gentlemen are with the functions of the peanut miller, but, briefly, I would like to say our function is

to buy the farmers' stocks from the farmers. Then we mill them. We have plants scattered throughout the producing belts of the country. We take farmers' stock and mill it up into various grades.

In Virginia we make eight grades of peanuts.

We have worked for years to have a type of peanut suitable for various uses. For peanut butter there is one type, for Salter's another, and for the confectioner's another.

We sell peanuts all over the country from coast to coast through brokers and sales offices; all year long we are selling peanuts into edible channels, trying to do whatever we can to promote that branch of the industry.

We, of course, carry inventories, against which we sell to the manufacturers and ship peanuts out as they want them.

We find the diversion program, and it is our opinion—but before I go into that I would like to say this: Our association was formed in 1933. Its first purpose and the reason for its origin was to come to Washington in a petition for a marketing agreement, under which we agreed not to buy peanuts below a certain price. I believe that, Mr. Pace, was one of the first attempts to help peg the price of peanuts. That was during the emergency of 1932. Since that time we have always cooperated in any way we could to assist the growers in getting a price for their peanuts. We intend to continue to do that.

I say this because I do not want it felt that anything I should say or anything I have said would be against a grower getting a fair price for his crops. That is not our purpose.

But we believe the diversion feature of this program is a hindrance to consumption in the edible channels of trade.

It is the old problem, and you gentlemen have discussed this and probably know more about it than I do, of accumulating surpluses over markets.

I remember distinctly a speech from Mr. Wallace last February, then Secretary of Agriculture, when he proposed the market-certificate plan. I would like to quote a few lines from that speech. In speaking of the market-certificate plan, I quote:

It would keep inventories out of the hands of the Government and in the normal channels of trade and would thus facilitate and stimulate increased consumption.

Gentlemen, I think that sums it up entirely, because when these inventories are accumulated under the diversion program as surplus they are held over and can come back on the market, as Mr. Dickson just testified.

Peanuts are not a necessity. We have not developed them yet as a necessity. It is a specialty crop.

I believe if we can substitute instead of this diversion program some method similar to the income-certificate plan, where peanuts move on a free market and inventories will not be endangered as they are now, that we can develop the edible market to an extent that will go a long way in solving the farmer's problem, because peanuts have great possibilities.

Mr. COOLEY. May I ask you a question? Has your company accumulated any inventory on artificial prices?

Mr. WOODLEY. Yes, sir; every peanut miller bought them this year, as you see. It has fixed minimum prices.

Mr. COOLEY. How does this 387,000 tons held by the Government as a surplus affect your business?

Mr. WOODLEY. That surplus is not on the market, but it burdens the market.

Mr. COOLEY. How does it burden it? You know they are available at a minimum price.

Mr. WOODLEY. All right. When the market rises to a point where it reaches the fixed price of those peanuts, those come back on that market. You can see then the whole accumulation is available.

Mr. COOLEY. It is not coming back until it reaches the minimum.

Mr. WOODLEY. But if it reaches the carrying charges plus \$3, which amounts to about one-quarter cent a pound on shelled peanuts.

Mr. COOLEY. You know, the very minute the price of peanuts starts down, the Government starts buying, and so it would bear you out on the artificial price.

Mr. WOODLEY. Here is the big danger of our accumulating inventories. You understand that we have to buy individually.

Mr. COOLEY. Do you do that?

Mr. WOODLEY. Yes, sir.

Mr. COOLEY. Do you not pick up a telephone and call up your competitor and fix the price?

Mr. WOODLEY. No, sir; that is not true. If you feel that is true, send another investigator down. We were investigated in 1928 because they had that feeling.

Mr. COOLEY. They have a big bunch of investigators investigating you now, have they not?

Mr. WOODLEY. No, sir; that is not true.

We are buying in a surplus crop now, and each buying individually, and if we should all buy too many, buy more than the edible trade needs, we have no protection. Then what we have in our inventories is not protected because we cannot sell to these agencies and we are at the mercy of the market. The surplus has been shifted from the grower to the miller.

Mr. PACE. You would rather see the grower carry the surplus than yourself who is more able?

Mr. WOODLEY. No. I would be glad to carry it because I think the man with the inventories is a salesman.

Mr. PACE. As I understand it, you would prefer the certificate bill over this bill?

Mr. WOODLEY. Yes, sir; I would.

Mr. PACE. What do you recommend as the price of the certificate?

Mr. WOODLEY. Mr. Pace, you are going into the mechanics of the bill. I have not figured them up. I do not have them before me.

Mr. PACE. It is not complicated. What do you want the producer to get for his peanuts?

Mr. WOODLEY. On peanuts that go into consumption?

Mr. PACE. Yes.

Mr. WOODLEY. I want to see a fair price for all edible consumption.

Mr. PIERCE. A parity as far as you go?

Mr. WOODLEY. Yes; parity is right.

Mr. PACE. Let us get that straight. We are making a record here. You would favor the certificate bill with the price of certificates at a figure which would give the peanut producer a parity price for his peanuts?

Mr. WOODLEY. Let me say that in the discussions at the Department last April, it was stated that parity was \$82 or \$86.

Mr. PIERCE. That is parity?

Mr. WOODLEY. That was parity then. Yesterday I heard that parity was \$126, or something. I do not know much about parity. My whole concern is marketing.

Mr. PACE. I know your concern thoroughly.

My concern is the man who plows the ground and grows the peanuts.

I want to ask you again if you favor the certificate bill and I introduced the certificate bill last year, and the only reason I did not get any further with it is that the Department dynamited it. They rendered what I considered an unfavorable report on it, and we did not get together.

What I want to ask you is, As an advocate of the certificate bill, what do you propose to give the producer of the peanuts under that bill?

Mr. WOODLEY. Mr. Pace, do you not think that is a question of getting the confectioners and growers in here and finding out from them what price the peanuts move into consumption? Do you know where the \$65 price on peanuts comes from?

Mr. PACE. Yes; I know.

Mr. WOODLEY. It was picked up in the air here, and it went from \$50 to \$80, and finally all over the square, and they finally made it at \$65. That is my impression of it.

Mr. PACE. I do not agree with you about that at all.

Mr. WOODLEY. I want to say to you again that our millers never try reducing the price to the grower. We have tried to enable him to get a fair sale price.

Mr. PACE. Under this proposed certificate plan would you advocate the price to the producer at less than \$65, which he has received this year as basic?

Mr. WOODLEY. No, sir.

Mr. PACE. Then what difference would it be to you whether it was through the issuance of a certificate where you would have to buy a certificate from the Government?

Mr. WOODLEY. That is not my understanding of the certificate plan. My understanding is that is done before you place them into interstate commerce, and it would not attach to the business at time of purchase.

Mr. PACE. It does not matter when you would have to buy, you would have to pay for the certificate and the price of the peanuts.

Mr. WOODLEY. It would make a big difference, and I will tell you why. We are buying them under the certificate plan considering whatever the oil market is, and if I cannot sell peanuts to the edible trade I put them right back into the oil market. In other words, I have a place I can put them. I have a hedge, whereas under the present plan, if I have overbought, or all of us put together have, we are selling on a distressed market.

Mr. PACE. Now, is not the only difference between this plan and the certificate plan, that now you buy on a minimum market free of speculation, when on the certificate plan you get a real advantage by getting a speculative market?

Mr. WOODLEY. I think you can call it a speculative market, but I think the present market is more speculative. Of course, when we buy peanuts now the bottom can come out.

Mr. PACE. You do not buy many peanuts until they are sold.

Mr. WOODLEY. We have in the past bought them as they were harvested.

Mr. PACE. I know you want to be straight in the record; you have at heart the interest of the producer.

Mr. WOODLEY. I think so.

Mr. PACE. And want to see the producer get a reasonable price, approaching or near parity.

Mr. WOODLEY. That is right.

Mr. PACE. And your own position is that you believe that the operation under the certificate plan would be more favorable than the diversion program?

Mr. WOODLEY. Yes.

Mr. COOLEY. Suppose you do not get the certificate plan and you do not get any other plan, you will go along with the diversion plan although you do not like it?

Mr. WOODLEY. I am speaking for an association.

Mr. COOLEY. It does not like it.

Mr. WOODLEY. I feel if we cannot have any other way and you do have the diversion program and it puts millers out of business, we will have to take that up when it comes.

Mr. COOLEY. Do you think factories would close down on account of this diversion program?

Mr. WOODLEY. Yes, sir; I would say it would have lots to do with it.

Mr. COOLEY. Are not there just as many peanuts being used now as before we had the diversion program?

Mr. WOODLEY. They might be used, if not used profitably.

Mr. COOLEY. Do you mean to say you cannot operate a mill profitably and pay the farmers \$65 a ton?

Mr. WOODLEY. And sell them on this market?

Mr. COOLEY. You cannot do it?

Mr. WOODLEY. No, sir.

Mr. COOLEY. How could you ever go to the certificate plan and pay him parity?

Mr. WOODLEY. We would have inventory protection. You have got to be safe in your inventory.

Mr. COOLEY. Do you oppose this bill?

Mr. WOODLEY. No, sir; I am not opposed to the allotment. I think it is a good thing. I think we should have had it about 4 years ago.

Mr. COOLEY. You are opposed to the diversion program?

Mr. WOODLEY. Yes; to that part of the bill, which is only about two lines.

Mr. PACE. What would you give the farmer for reducing his acreage—nothing?

Mr. WOODLEY. That is not my problem.

Mr. PACE. I did not think it was.

Mr. WOODLEY. You could still pay the grower eight, nine, ten, or twelve million dollars. He could be paid, as was discussed yesterday, on parity payments. Money is money, whether it comes from a parity payment or one source or another.

Mr. PACE. That is all.

Mr. WOODLEY. I do not want to create the impression that I am opposed to the bill, but to give you the opinion of the millers as to the diversion program.

All we are looking for is to increase edible consumption.

Mr. MURRAY. What is the per capita consumption of peanuts?

Mr. WOODLEY. I do not know, sir.

Mr. MURRAY. Would you send that in with your statement?

Mr. WOODLEY. I will be glad to do that.

Mr. DOXEY. In connection with your statement, Mr. Woodley, you made the statement that the millers were against the diversion program, and you made the statement awhile ago that you would not answer the question how much the price should be to the farmers without possibly having the confection people in, and otherwise. Do you know how the people classed as confectioners regard this bill or regard the diversion program?

Mr. WOODLEY. Yes, sir; I know, but I would rather not speak for them.

Mr. DOXEY. Is there anybody here who will speak for them?

Mr. WOODLEY. I have a lot of letters in my office that would speak for them.

Mr. DOXEY. I have a letter from the Planters Nut & Chocolate Co., from Suffolk, Va., and they seem to be in accord with this bill, and I would like to put that in the record, including their telegram.

(The telegram referred to is as follows:)

Hon. H. P. FULMER,

Chairman, Agricultural Committee, House of Representatives,
Washington, D. C.:

We have just learned that your subcommittee considering Pace bill pertaining to peanuts will conduct hearing Monday and we ask that we be recorded as favoring retention of diversion feature or some plan whereby growers will be assured of fair minimum price and market thereby stabilized and not be subject to speculation and possible manipulation, and we also ask that we be given an opportunity to be heard before your committee takes final action on this matter.

PLANTERS NUT & CHOCOLATE CO.

(The letter referred to is as follows:)

SUFFOLK, VA., February 3, 1941.

Hon. H. P. FULMER,

Chairman, Agricultural Committee, House of Representatives,
Washington, D. C.

DEAR SIR: Telegram was sent you Saturday, as indicated in the confirmation attached, and we appreciate very much your prompt reply which reached us this morning.

It is regretted that it will not be possible for us to appear before your subcommittee during the next few days, as the testimony which we would wish to present would be that of Mr. A. Obici, the president of our concern, and Mr. Obici is finding it necessary to attend the annual meeting of the stockholders of the company.

It is our opinion that the importance of retaining either the diversion feature or some other plan whereby growers will be assured of a fair minimum price cannot be overemphasized. Such a provision is, we believe, absolutely necessary for the protection of the grower as well as for the equally important stabilization of the market, as past experience has demonstrated very forcibly the possibility of speculation which is detrimental to grower as well as the manufacturer and the consumer.

Your further interest in this matter will be very much appreciated and we will welcome any suggestions which you may find it possible to make, whereby our views might be more adequately brought to the attention of your committee, but in the meantime we ask that the subcommittee understand our position in regard to any attempt which might be made toward eliminating the diversion or loan feature which is now included in the draft of the bill as introduced by Congressman Pace.

With kindest personal regards, we are,

Yours very truly,

PLANTERS NUT & CHOCOLATE CO.,
C. H. MURDEN,
Manager, Peanut Department.

Mr. WOODLEY. They are not in the same type of business as we are. I could not speak for them.

May I have permission to send for the record some opinions?

Mr. DONEY. Just so they are not accumulative, and sent in within the next few days.

Mr. WOODLEY. I will try to.

Mr. DONEY. I am going to adjourn the meeting, and we will meet at 10 o'clock in the morning.

(Whereupon, at 12 noon, an adjournment was taken until tomorrow, February 5, 1941, at 10 a. m.)

REGULATION OF PEANUTS IN INTERSTATE AND FOREIGN COMMERCE

WEDNESDAY, FEBRUARY 5, 1941

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AGRICULTURE,
Washington, D. C.

The committee met at 10 a. m., Hon. Wall Doxey (chairman) presiding.

Mr. DOXEY. The committee will come to order, please.

Of course, our full committee is not here this morning. A lot of them have other important matters, but they are going to endeavor to be here later. We hope we can conclude the hearings this morning. We came back especially to hear Mr. Lavery this morning, and if you are ready we will be delighted to hear you, Mr. Lavery.

STATEMENT OF WILLIAM J. LAVERY, ASSISTANT TO THE PRESIDENT OF THE CURTISS CANDY CO., CHICAGO, ILL.

Mr. LAVERY. Thank you, sir.

Mr. DOXEY. Come forward and give your name and your address to the reporter.

I am sorry the other committee members are not here, but they will read your testimony.

Mr. LAVERY. My name is William J. Lavery, 622 Diversey Parkway, Chicago, Ill.

Mr. DOXEY. Just tell whom you represent.

Mr. LAVERY. I am representing the Curtiss Candy Co.

Mr. DOXEY. Now, I believe, Mr. Lavery, you have a prepared statement and you may read it if you want to read it, and you won't be interrupted with questions.

Mr. LAVERY. Yes, sir.

Mr. DOXEY. Until you have concluded, and then if we have any questions, we will ask them after you have finished your prepared statement.

Mr. LAVERY. All right, sir.

I am an assistant to the president of the Curtiss Candy Co., located at Chicago, Ill.

I believe that I am qualified to speak on the subject matter of the bill before you, for the reason that I have had a thorough education in economics—selling experience—actual manufacturing experience and a long executive experience. Broadly, then, as a representative of the last link in the chain of distribution between the producer and the consumer and a spirit of fullest cooperation, I present these views for your consideration and for what you may deem them to be worth.

In making this presentation, I take as a basis an excerpt from the declaration of policy of the Agricultural Adjustment Act of 1938 as amended, which I quote as follows:

Through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices.

I desire to call your particular attention to the fact that the declared policy of the bill deliberately imparts to your committee the responsibility of seeing that both parties involved in the consideration of the proposed amendment to the Agricultural Adjustment Act of 1938 as amended be treated with equal fairness.

With the declared policy of the act there can be no logical dispute. In the interest of public welfare, we will all do well to remember that the age-old economic premise that wealth springs from the soil has not as yet been shaken from its foundation.

It is my personal observation that many of us are prone to use more haste and less speed in arriving at solutions to involve agricultural problems such as confronts your committee in its consideration of the proposed amendment that has been offered in the interest of peanuts by the Honorable Stephen Pace, of Georgia, and is known as H. R. 2983, first session, Seventy-seventh Congress.

I have been actively cooperating with the Department of Agriculture concerning peanuts since 1934. My company happens to be one of the largest, if not the largest, converters of raw shelled peanuts in the world. My industry is without doubt one of the most effective factors in the distribution of peanuts to the ultimate consumer. Therefore, I believe I am not out of order when I say that I do present views that should be of interest to you because their foundation is based on cold hard facts.

Until 1916 peanuts were grown in a small way and reached the edible trade as pure luxuries. Peanuts did not emerge as a commercial crop until the advent of the candy bar manufacturers who conceived the idea of combining peanuts with other pure wholesome food products. It is these same manufacturers who by spending millions of dollars advertising their candy products have called the attention of the American public to the value of peanuts as foods.

I suggest to your committee that it remember that today in the minds of the public, notwithstanding the money spent in advertising, peanuts are still a nonessential item in the daily needs of that public. Anything proposed to be done by law which will put dams in the economic flow of peanuts from the producer to the consumer will eventually become a boomerang to the producer. No one else will be hurt but the producer. If the obstructions in the economic current remain too long, the producer will face sure bankruptcy.

In my collaboration with the gentlemen of the Department of Agriculture I have pointed out time and again that the plans being pursued would inevitably lead to chaotic conditions. I surmise that the situation facing the peanut farmer today can be considered as approaching such conditions.

None of us wish to see the peanut producer forced back to the levels of 1932 when peanuts sold at approximately 1½ cents per pound on the farm. But do you gentlemen realize that this unfortunate price situation turned out to be the spark plug that gave to the peanut

producer an enlarged consumer market? It was because of the desire to save itself from disaster in the hard days of the fall of 1932 that my company, taking advantage of the low price of peanuts and through sheer manufacturing ingenuity of the most brilliant type, was able to give to the American public a chocolate peanut candy bar to retail at 1 cent. The public liked the new bar. My company bought 45,000,000 pounds of peanuts in 1933 because of the new bar. Since that time 40 percent of our peanut bar production is in the 1-cent items. Not only did we buy peanuts in 1933, but we forced our competitors to make a similar bar. In this way my industry made a contribution to the peanut producer by helping to increase his return almost 90 percent in 1933 over 1932.

Gentlemen, the consuming American public very definitely controls the price of peanuts. The public buys peanuts in relation to other food products. Unfortunately, the public does not buy peanuts as a necessity. It still buys only when it can afford to do so. If oleomargarine advances to high prices, sales of peanut butter will increase. If dairy butter goes up, sales of peanut butter will increase. But on the other hand, if peanuts through artificial stimulus or because of falling prices of competing commodities gets out of line from a retail price angle, sales of peanuts and peanut products will decrease, surpluses will accumulate, and the burden will fall on the producer.

Referring specifically to the peanut data report issued by the U. S. D. A., August 15, 1940, table No. 1, it is shown that in the last 3 years, 1938-40, farms producing peanuts have increased 66 percent—counties producing peanuts have increased 250 percent. Referring to table No. 9, it will be noted that edible consumption for the years 1936-39 has averaged 425,000 tons. I fully appreciate the condition and the serious situation of the peanut producers. However, I cannot conceive how it will be ever possible to correct such glaring inequalities of increased production when it is known in advance that the edible trade cannot absorb the increase, unless a control of production is organized to protect both the producer and the consumer.

I cannot follow the line of reasoning that peanuts have a constant cost of production per ton. Certainly in 1940, with a bumper crop of 845 pounds to the acre, the cost per ton decreased. After all, whether you produce peanuts or automobiles, there is no difference in the economic theory regarding costs until one approaches the shadowland where the law of diminishing returns operates. Therefore, if the plea is made and held by proponents of this proposed amendment that peanuts cost the producer \$60 a ton, then from the consumer's viewpoint I must challenge the assertion and reply that a bumper crop costs less to produce and hence can be sold at a lower price to yield the same margin of profit. I cannot forget that the farmer is a capitalist in any economic structure. I also must call your attention to the fact that when there is a short crop and his unit costs rise, he has no trouble selling his production at a proper margin of profit because of the scarcity of his production.

The present oil diversion program is not effectively controlling the production of peanuts. I doubt that it ever will. I am certain, in my own mind, that not only has more acreage been planted because of the Government guaranteed price, but that more seed has been sown to the acre. If the latter course is pursued without proper rest to the land, then the soil depletion power of the peanut itself will bring about

a reduced crop. Not only will it bring a reduced crop, but it will undoubtedly put the cost of production to such a level as to guarantee to the producer a terrific loss.

The present program has also had the unfortunate effect of placing the consumer in a position where he may be forced to reduce his purchase of peanuts because of the artificial price structure, and therefore accentuate the already unsatisfactory condition. Inasmuch as peanuts are competing with other food products, the consumer, whether he is represented by the last convertor or not, will reduce his purchases because he is buying a semiluxury item.

Finally, the present program has the effect of retarding the shellers entering the market and by their normal method of operation relieving the Government of a portion of the load. The sheller does not have the opportunity of hedging his position. If the flour mill is entitled to a hedging position, why is not the sheller? The answer, of course, lies in the control of the surplus and the implied threat to the sheller's inventory.

I find nothing in the policy of the A. A. A. that prohibits your committee from recommending any plan that has for its goal the highest possible return for the producer at fair prices for the consumer. I find nothing in the act which would prevent your committee from recommending that the parity period for peanuts should be from 1919 to 1929. Certainly, any parity for peanuts based on the years 1909 to 1914 would appear to border on the ludicrous for the simple reason peanuts had no commercial value at that time, and I do not believe the department could substantiate any sound basis for figures covering that period.

If such a sound basis of parity is established, the Secretary of Agriculture can definitely control the situation by lowering his loan value to force a reduction in acreage. On the other hand, it would be perfectly proper for the Secretary to increase the amount of loans when the collateral (peanuts) demands a higher price because of smaller crop yield. Peanuts so hypothecated should be available to the edible trade at no penalty. Certainly if the producer made a loan at the local bank he would expect to pay such charges. As a businessman, why should he expect not to pay such charges to the Government lending agency?

In a sense of fair play to the consumer (and the consumer plays very fair in this matter), I suggest that any loan plan or any oil diversion plan be definitely limited in scope. There should be minimum and maximum limits on loans. Good common sense indicates that to be necessary.

If an oil diversion plan is used, a definite limit for diversion from the edible supply should be established. This limit should be based on the average diversion of the preceding 5 years and allocated on a percentage of total edible peanuts purchased during those 5 years. Furthermore, these edible peanuts should be available to the edible trade at no penalty for the following reasons:

1. The edible trade buys peanuts as the consumer demands.
2. The purchase of peanuts at the beginning of the crop year by the Government agency is a service to the producer.
3. Any cost of such service should be paid for by the producer who is served. Certainly, the recipient should pay for the privilege of disposing of his whole crop at a guaranteed price at a time of his own choosing.

4. The edible trade by its purchases will reduce the agency holdings at no loss to the agency.

In direct comment concerning H. R. 2983, I call your attention to page 4, line 23, and ask that the words "based upon the average acreage and the average yield of the preceding 5 years" be inserted immediately after the word "quota" and that the words "to be" be inserted immediately after the word "peanuts."

I further ask your consideration of the inclusion of an additional paragraph to the effect that quotas will not be operative if official estimates of the crop disclose the likelihood of a production of edible peanuts insufficient to supply the normal edible consumption demand based on the average consumption during the preceding 5 years.

In view of the suggestions made previously, I ask that you add the words "without penalties or carrying charges but" immediately after the word "prices" in line 12, page 9.

In addition, I recommend that a paragraph be added giving to the Secretary of Agriculture the power to inaugurate such programs as might be necessary to pioneer and establish new commercial uses of peanuts. In my humble opinion, any marketing quota loan plan or diversion plan which does not incorporate some such forward looking program as mentioned will be found to be absolutely inadequate in solving the difficulties now before your committee.

In making the above suggestions, I have approached the problem from the only practical angle available, namely, what will the consumer pay? For my company, I can say that our purchases of peanuts bear a direct relation to the percentage of cost allocated to peanuts in our manufacturing process. If the price of peanuts gets out of line, the amount of peanuts per unit is reduced. This reduces the size of the unit to the buying public. The public desiring to buy as efficiently as possible reduces its purchases of our products in favor of other competing food products. Our unit costs go up and it is possible that another reduction in size may occur. In these cycles there is no doubt that fewer peanuts are purchased. The producer is the ultimate loser.

In closing, may I respectfully suggest to your committee that the problem of peanut production and peanut control is absolutely inter-related with the sales value from the consumer's standpoint. There is probably not one parallel in any of the agricultural commodities now under A. A. A. for you to refer to. The public demands tobacco because of habit—cotton is a necessity—so is wheat, so is corn. Peanuts are not essential. There is no written or unwritten law that can force the American public to buy peanuts. The public makes 90 percent of such purchases on pure impulse. Therefore, the price the public will pay is what controls the whole peanut program.

Thank you.

Mr. DOXEY. We thank you, Mr. Lavery. But there are one or two questions I would like, please, sir.

How many peanuts or how many tons or cars did your company buy in the year 1940?

Mr. LAVERY. I would say in the neighborhood, sir, of about 1,000 cars.

Mr. DOXEY. You are still one of the big purchasers?

Mr. LAVERY. I believe so.

Mr. DOXEY. Of peanuts?

Mr. LAVERY. Yes, sir.

Mr. DOXEY. And there is no question but that there is a price factor as to peanuts that go into the edible market which regulates the price?

Mr. LAVERY. Yes, the consumer regulates the price.

Mr. DOXEY. And the recommendation that you have, as I understand it generally, is that with reference to the diversion program as outlined in this bill, there should be some limitation there?

Mr. LAVERY. Yes, sir. I do not believe, sir, that the Government should come in as a separate entity and buy into the edible trade crop without giving the edible trade an opportunity to recoup at no loss to the Government, but at no penalty to the trade.

Mr. DOXEY. Has it not been the practice of the Government in this diversion program to not try to interfere with the edible trade, but only to buy the peanuts not absorbed or not used by the edible trade?

Mr. LAVERY. But the trouble is that peanuts are harvested in 1 month and the edible trade take them in 11 months' time.

Mr. DOXEY. That is true.

Mr. LAVERY. Up until this last release of crop reporting, it looked as though the Government had bought into the edible trade something like 175,000 tons.

Mr. DOXEY. How did it prove to be?

Mr. LAVERY. We do not know yet, because we do not know how good the crop reporting is.

Mr. DOXEY. You cannot anticipate the peanuts you are going to buy and do buy them over the whole year.

Mr. LAVERY. That is right. We try to buy on a 90-day schedule.

Mr. DOXEY. The other recommendation had some reference to loans and referred to the power to indicate with reference to the Secretary of Agriculture. Do you not feel it is essential in some way or other to limit the tendency toward increased production in peanuts?

Mr. LAVERY. I feel it is very essential, sir, for the reason that if it is not done I am afraid that the producer in the peanut belt will eventually be bankrupt, because some place along the line the artificial structure will break down and the economic control will take over.

Mr. DOXEY. And that has certainly been the theme song of all the witnesses I have heard here and that you have heard, and that is, that something has got to be done for peanuts.

Mr. LAVERY. Exactly, something has got to be done.

Mr. DOXEY. In the interests of the peanut producers and all parties concerned.

Mr. LAVERY. That is right, sir.

Mr. DOXEY. In your analysis, do you not deem that phase as the main purpose of the bill, and the other matters are mere incidents of the bill?

Mr. LAVERY. Yes; I believe the bill is going to the end.

But I do not in my own mind wish to see a bill started off with possible obstacles almost around the corner to its effective work.

I would rather see the committee take a little more time, if it would, and try to remove possible obstructions, and then put the bill through.

Mr. DOXEY. Be assured that the committee appreciates any constructive suggestion, and there was not any purpose in my mind to argue with you, but just to get the whole picture, and that is all I wanted.

Mr. LAVERY. No; I appreciate that.

My position is that since I have become acquainted with peanuts that the farmer should be taken care of. I do not wish to see the time come in this country where we are approaching the period where we have peasant farmers, but I do wish the farmer to appreciate that he is a capitalist and businessman, and he must operate on that basis.

Mr. DOXEY. Your reference to the farmer as a capitalist is only in name, is it not?

Mr. LAVERY. That is right.

Mr. DOXEY. You mean as to wealth produced from the ground. He is not a capitalist as a financial operator.

Mr. LAVERY. No; I am speaking of economic conditions.

Mr. DOXEY. No further questions. I thank you.

Mr. POAGE. I would like to ask a question as to the price you are paying. You are paying \$60 to \$65 a ton?

Mr. LAVERY. We in the edible trade convert immediately to the edible pound. We are paying in the market 5.35 cents to 5.50 cents a pound. Is that correct for No. 1 Spanish, about that, Mr. Woodley?

Mr. WOODLEY. Yes.

Mr. LAVERY. In our manufacturing operations we find in order to give a size of product that the public will buy, we can afford to pay in a range up to $5\frac{1}{2}$ cents a pound. At that price we start taking peanuts out of our bars. We control our weight to hundredths of ounces, so we know exactly what we take out of the bars.

Mr. POAGE. What I am getting at is that you can afford the present market price.

Mr. LAVERY. Yes, sir. I have no objection, in the last few years, as Mr. Pace knows, to that situation.

Mr. POAGE. You feel if prices went substantially above the price at present you would have to reduce the contents in your bars?

Mr. LAVERY. There is no doubt about that.

Mr. POAGE. And if it went down, they would remain the same?

Mr. LAVERY. No, we would increase them. We are trying to give the public as much as we can from the unit of sale. We are limited to our unit of sale. We have 1 cent and 5 cent bars, and cannot make the $\frac{5}{2}$ and $1\frac{1}{2}$ to the public.

Mr. POAGE. But you do change the size of the bars.

Mr. LAVERY. We do change. It is absolutely based on the cost of raw materials.

Mr. POAGE. You have not had occasion to change for the last 4 or 5 years?

Mr. LAVERY. We have temporarily changed and when the adjustment of the price is changed we change back.

Mr. POAGE. On a 1-cent bar, what proportion of the price of that bar is peanuts?

Mr. LAVERY. That is pretty hard to answer. It gets into decimal points.

Mr. POAGE. How much, approximately?

Mr. LAVERY. I will put it the other way around. I would say in the bar sale we have between 15 and 18 percent of peanuts.

Mr. POAGE. What about in cost? A substantial part of that 1 cent to you must be sales cost, wrapping and labor costs. Do not those make up a substantial part of that 1 cent?

Mr. LAVERY. It makes up a part of it.

Mr. POAGE. Does it not make up more than half of it?

Mr. LAVERY. Oh, no. We would be out of business if we had that figure in our costs. We would be completely out of business on that.

We have had to go to mechanical means in wrapping, and we have had to invent our own machinery to make up our own wrappers.

We have a particular type of dust-proof wrapper, we think, and that is all made on high-speed machinery with paper moving at 4,000 feet a minute, and it is an operation where we have had to make quite an expenditure in order to get that type of wrapping.

Mr. POAGE. How does the cost of peanuts compare with the cost of sugar?

Mr. LAVERY. There is more sugar content in the bar. The peanuts cost more per pound.

Mind you, I am not taking it out on peanuts, as it were. If any commodity gets out of line with our predetermined costs, we have to change the size of that bar.

Mr. POAGE. You cannot afford to change that bar unless you got a substantial decrease in cost because you have to change the wrapper?

Mr. LAVERY. You would be surprised how a child can tell we have changed that bar $\frac{5}{100}$ of an ounce. Two weeks later we will know all about it.

The American child is a pretty smart person when it comes to buying.

Mr. DOXEY. And they take the attitude you might be chiseling, if you reduce the size of the candy bars?

Mr. LAVERY. Yes, sir.

Mr. DOXEY. Are there any further questions, gentlemen? We thank you very much. There are no further questions.

Gentlemen, are there any witnesses who want to be heard this morning either for the bill or against it, or any suggestions in regard to it, because we simply will have to conclude these hearings? If there are no other witnesses, this committee could go into executive session, but we do not want to go into executive session without having had everybody testify that wants to testify.

Have you got any additional witness, Mr. Pace?

Mr. PACE. No, nothing further, Mr. Chairman.

Mr. DOXEY. You gentlemen, you know, have the privilege of supplementing your remarks in the record if you give them to the reporter.

Mr. PACE. The plaintiff rests.

Mr. LAVERY. May I make one more statement?

I do want to call your attention to it, and that is I think one of the prime needs of the peanut industry in the inauguration of a program is to try to find additional uses for peanuts.

Mr. DOXEY. I appreciate that is necessary for peanuts; not only for peanuts, but for all other commodities.

Has the Government got any laboratory now working on the peanut proposition?

Mr. LAVERY. Oh, yes; they are doing a grand job at the present time. But I think they need to have some special funds so they can do a better job.

Mr. DOXEY. Where is that laboratory?

Mr. LAVERY. In the Department of Agriculture. I think it is the Bureau of Economics that is doing most of the work.

Mr. DOXEY. They are in that field already.

Mr. LAVERY. Yes, sir.

Mr. PACE. I will call you back on my other bill, pending before the committee, as to a special peanut laboratory.

Mr. POAGE. When they were locating the regional laboratory for the South, the Secretary of Agriculture told the delegation I was with that they did not want to locate that particularly in the cotton country, because he felt it should devote a large part of its time to the uses of peanuts. He gave us that as a reason for not locating that laboratory primarily to serve cotton. They wanted it at New Orleans.

Mr. PACE. Where there are no peanuts.

Mr. POAGE. And of course there is no cotton there.

Mr. DOXEY. They can bring cotton and peanuts to New Orleans.

Mr. POAGE. Certainly they can.

Mr. GRANT. I might say this to you gentlemen, Dr. Carver, down at Tuskegee, is one of the great authorities on peanuts, and he has been working and experimenting on a peanut to be used for making a hair tonic, and if that is successful, I think the peanut situation is solved.

Mr. DOXEY. Now, gentlemen, thank you all very much; gentlemen, let us now go into a little executive session.

Members of the committee will please remain, all others are excused.

(Whereupon, at 10:40 p. m., the committee went into executive session.)

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 1941

Mr. BANKHEAD introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of sub-
5 title B thereof the following new part:

6 “PART VI—MARKETING QUOTAS—PEANUTS

7 “LEGISLATIVE FINDINGS

8 “SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and
4 the persons engaged in the marketing and processing thereof
5 are unable to regulate effectively the orderly marketing of
6 the commodity. As the quantity of peanuts marketed in
7 the channels of interstate and foreign commerce increases
8 above the quantity of peanuts needed for cleaning and shelling,
9 the prices at which all peanuts are marketed are depressed to
10 low levels. These low prices tend to cause the quantity of
11 peanuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketings of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the
16 channels of interstate and foreign commerce. Since these
17 unstable and chaotic conditions have existed for a period of
18 years and are likely, without proper regulation, to continue
19 to exist, it is imperative that the marketing of peanuts for
20 cleaning and shelling and for crushing for oil in interstate
21 and foreign commerce be regulated in order to protect pro-
22 ducers, handlers, processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the quota is proclaimed equal to the average quan-
6 tity of peanuts harvested for nuts during the five years
7 immediately preceding the year in which such quota is pro-
8 claimed, adjusted for current trends and prospective demand
9 conditions, and the quota so proclaimed shall be in effect
10 with respect to such crop. The national marketing quota
11 for peanuts for any year shall be converted to a national
12 acreage allotment by dividing such quota by the normal
13 yield per acre of peanuts for the United States determined
14 by the Secretary on the basis of the average yield per acre
15 of peanuts in the five years preceding the year in which the
16 quota is proclaimed, with such adjustments as may be found
17 necessary to correct for trends in yields and for abnormal
18 conditions of production affecting yields in such five years:
19 *Provided*, That the national marketing quota established for
20 the crop produced in the calendar year 1941 shall be a
21 quantity of peanuts sufficient to provide a national acreage
22 allotment of not less than one million six hundred and ten
23 thousand acres, and that the national marketing quota estab-
24 lished for any subsequent year shall be quantity of peanuts
25 sufficient to provide a national acreage allotment of not less

1 than 90 per centum of that established for the crop produced
2 in the calendar year 1941.

3 “(b) Not later than December 15 of each calendar year
4 the Secretary shall conduct a referendum of farmers engaged
5 in the production of peanuts in the calendar year in which
6 the referendum is held to determine whether such farmers
7 are in favor of or opposed to marketing quotas with respect
8 to the crops of peanuts produced in the three calendar years
9 immediately following the year in which the referendum
10 is held, except that, if as many as two-thirds of the farmers
11 voting in any referendum vote in favor of marketing quotas,
12 no referendum shall be held with respect to quotas for the
13 second and third years of the period. The Secretary shall
14 proclaim the results of the referendum within thirty days
15 after the date of which it is held, and, if more than one-third
16 of the farmers voting in the referendum vote against market-
17 ing quotas, the Secretary also shall proclaim that marketing
18 quotas will not be in effect with respect to the crop of
19 peanuts produced in the calendar year immediately follow-
20 ing the calendar year in which the referendum is held.
21 Notwithstanding the provisions of subsections (a) and (b)
22 of this section, the Secretary shall proclaim a national mar-
23 keting quota with respect to the crop of peanuts produced
24 in the calendar year 1941 and shall provide for the holding

1 of a referendum on such quota within thirty days after the
2 date upon which this Act becomes effective.

3 “(c) The national acreage allotment shall be appor-
4 tioned among States on the basis of the average acreage of
5 peanuts harvested for nuts in the five years preceding the
6 year in which the national allotment is determined, with
7 adjustments for trends, abnormal conditions of production,
8 and the State peanut-acreage allotment for the crop imme-
9 diately preceding the crop for which the allotment hereunder
10 is established: *Provided*, That the allotment established for
11 any State for any year subsequent to 1941 shall be not
12 less than 90 per centum of the allotment established for
13 such State for the crop produced in the calendar year 1941.

14 “(d) The Secretary shall provide for apportionment
15 of the State acreage allotment for any State through local
16 committees among farms on which peanuts were grown
17 in any of the three years immediately preceding the year
18 for which such allotment is determined. Such apportion-
19 ment shall be made on the basis of the tillable acreage avail-
20 able for the production of peanuts and the past acreage of
21 peanuts on the farm, taking into consideration the peanut-
22 acreage allotments established for the farm under previous
23 agricultural adjustment and conservation programs. The
24 amount of the marketing quota for each farm shall be the

1 actual production of the farm-acreage allotment, and no pea-
2 nuts shall be marketed under the quota for any farm other
3 than peanuts actually produced on the farm.

4 "MARKETING PENALTIES

5 "SEC. 359. (a) The marketing of any peanuts in ex-
6 cess of the marketing quota for the farm on which such
7 peanuts are produced, or the marketing of peanuts from
8 any farm for which no acreage allotment was determined,
9 shall be subject to a penalty of 3 cents per pound, except
10 as provided in subsection (b) of this section. Such penalty
11 shall be paid by the person who buys or otherwise acquires
12 the peanuts from the producer, or, if the peanuts are sold
13 by the producer through an agent, the penalty shall be
14 paid by such agent, and such person or agent may deduct
15 an amount equivalent to the penalty from the price paid to
16 the producer. The Secretary may require collection of the
17 penalty upon a portion of each lot of peanuts marketed from
18 the farm equal to the proportion which the acreage of pea-
19 nuts in excess of the farm-acreage allotment is of the total
20 acreage of peanuts on the farm. If the person required to
21 collect the penalty fails to collect such penalty, such person
22 and the producer shall be jointly and severally liable for
23 the amount of the penalty. All funds collected pursuant to
24 this section shall be deposited in a special deposit account
25 with the Treasurer of the United States and such amounts

1 as are determined, in accordance with regulations prescribed
2 by the Secretary, to be penalties incurred shall be trans-
3 ferred to the general fund of the Treasury of the United
4 States. Amounts collected in excess of determined penal-
5 ties shall be paid to such producers as the Secretary deter-
6 mines, in accordance with regulations prescribed by him,
7 bore the burden of the payment of the amount collected.
8 Such special account shall be administered by the Secretary
9 and the basis for, the amount of, and the producer entitled
10 to receive a payment from such account, when determined
11 in accordance with regulations prescribed by the Secretary,
12 shall be final and conclusive. If, in the course of market-
13 ing, any peanuts produced on one farm are falsely identified
14 by a representation that such peanuts were produced on
15 another farm, or, if there is a failure to make a report of
16 the disposition of peanuts available for marketing from any
17 farm, each person participating in the false identification
18 of the peanuts or failing to make a report of the disposition
19 of such peanuts as required by regulations issued by the
20 Secretary shall be subject to a penalty of \$25 for each acre,
21 or fraction thereof, of peanuts harvested in excess of the farm-
22 acreage allotment for the farm on which such peanuts were
23 produced and such penalty shall be in addition to any other
24 penalty due hereunder.

25 “(b) Payment of the penalty of 3 cents per pound upon

1 the marketing of peanuts as provided in subsection (a) above
2 will not be required if such excess peanuts are delivered to
3 and marketed through an agency or agencies designated each
4 year by the Secretary. Any peanuts received under this
5 subsection by such agency shall be sold by such agency for
6 crushing for oil under a sales agreement approved by the
7 Secretary, or for cleaning and shelling at prices not less than
8 those established under any peanut diversion or peanut loan
9 program operated by the Secretary. For all peanuts so
10 delivered under this subsection, producers shall be paid for
11 the portion of the lot constituting excess peanuts the market
12 value thereof for crushing for oil as of the date of such
13 delivery, less the estimated cost of storing, handling, and
14 selling such peanuts. Any person who acquires peanuts for
15 crushing for oil under the provisions of this subsection, and
16 who uses or disposes of such peanuts for purposes other
17 than for crushing into oil, shall be guilty of a misdemeanor
18 and upon conviction thereof shall be fined not more than
19 \$1,000 or imprisoned for not more than one year, or both.
20 Operations under this subsection shall be carried on under
21 regulations prescribed by the Secretary, and the operations
22 of any agency designated to receive and market peanuts
23 may be separate from or combined with operations of other
24 agencies.

25 “(c) The provisions of this part shall not apply to

1 peanuts produced on any farm on which the acreage har-
2 vested for nuts is one acre or less.

3 “(d) The word ‘peanuts’ wherever used in this Act
4 means peanuts which are picked and threshed by mechanical
5 means.

6 “(e) If, in any referendum carried out pursuant to sub-
7 section (b) of section 358, marketing quotas with respect
8 to peanuts are opposed by more than one-third of the farmers
9 voting in such referendum, no peanut-diversion program or
10 peanut loan shall be in effect with respect to the crop pro-
11 duced in the calendar year immediately following that in
12 which the referendum is held. If quotas are approved by
13 not less than two-thirds of the farmers voting in such referen-
14 dum, either a peanut-diversion program or a peanut loan shall
15 be in effect with respect to the crops of peanuts produced in
16 the three calendar years immediately following the year in
17 which the referendum is held. If a referendum is held in
18 1941 with respect to the crop produced in 1941, the provi-
19 sions of this subsection (e) shall apply as though such refer-
20 endum had been held in the calendar year 1940.

21 “(f) There is hereby authorized to be appropriated, each
22 fiscal year beginning with the fiscal year 1941, out of any
23 moneys in the Treasury not otherwise appropriated, such
24 sums as may be necessary for the purposes set forth in this

1 subsection and for the expenses of administering this sub-
2 section.”

3 SEC. 2. Paragraph (1) (B) of subsection (b) of sec-
4 tion 301 of subtitle A of title III of the Agricultural Adjust-
5 ment Act of 1938, as amended, is amended by inserting
6 immediately following the word “cotton” the words “or
7 peanuts”.

8 SEC. 3. Paragraph (6) of subsection (b) of section
9 301 of subtitle A of title III of the Agricultural Adjustment
10 Act of 1938, as amended, is amended by adding the follow-
11 ing new paragraph:

12 “(E) ‘Market’, in the case of peanuts, means to dispose
13 of peanuts, including farmers’ stock peanuts, shelled pea-
14 nuts, cleaned peanuts, or peanuts in processed form, by
15 voluntary or involuntary sale, barter, or exchange, or by
16 gift inter vivos.”

17 SEC. 4. Section 361 of subtitle C of title III of the
18 Agricultural Adjustment Act of 1938, as amended, is
19 amended by inserting after the comma following the word
20 “cotton” the word “peanuts” and a comma.

21 SEC. 5. Subsection (b) of section 371 of subtitle C of
22 title III of the Agricultural Adjustment Act of 1938, as
23 amended, is amended by inserting after the comma following
24 the word “rice” the word “peanuts” and a comma.

1 SEC. 6. Subsection (a) of section 373 of subtitle C
2 of title III of the Agricultural Adjustment Act of 1938, as
3 amended, is amended by inserting after the comma follow-
4 ing the word "rice" wherever it appears in the first sen-
5 tence thereof the word "peanuts" and a comma, by strik-
6 ing out the word "and" following the word "producers"
7 in such first sentence; and by striking out the period at the
8 end of such first sentence and inserting in lieu thereof a
9 comma and the following: "all brokers and dealers in
10 peanuts, all agents marketing peanuts for producers, or
11 acquiring peanuts for buyers and dealers, and all peanut
12 growers' cooperative associations, all persons engaged in
13 the business of cleaning, shelling, crushing, and salting of
14 peanuts and the manufacture of peanut products, and all
15 persons owning or operating peanut-picking or peanut-
16 threshing machines."

17 SEC. 7. Subsection (b) of section 373 of subtitle C of
18 title III of the Agricultural Adjustment Act of 1938, as
19 amended, is amended by inserting after the comma follow-
20 ing the word "rice" the word "peanuts" and a comma.

21 SEC. 8. Section 374 of subtitle C of title III of the
22 Agricultural Adjustment Act of 1938, as amended, is
23 amended by inserting after the comma following the word
24 "cotton" the word "peanuts" and a comma.

1 SEC. 9. Subsection (a) of section 375 of subtitle C
 2 of title III of the Agricultural Adjustment Act of 1938, as
 3 amended, is amended by inserting after the comma follow-
 4 ing the word "rice" the word "peanuts" and a comma.

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

By Mr. BANKHEAD

FEBRUARY 10, 1941

Read twice and referred to the Committee on
 Agriculture and Forestry

77TH CONGRESS
1ST SESSION

H. R. 3546

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1941

Mr. PACE introduced the following bill: which was referred to the Committee on Agriculture

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of sub-
5 title B thereof the following new part:

6 "PART VI—MARKETING QUOTAS—PEANUTS

7 "LEGISLATIVE FINDINGS

8 "SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and the
4 persons engaged in the marketing and processing thereof are
5 unable to regulate effectively the orderly marketing of the
6 commodity. As the quantity of peanuts marketed in the
7 channels of interstate and foreign commerce increases above
8 the quantity of peanuts needed for cleaning and shelling, the
9 prices at which all peanuts are marketed are depressed to
10 low levels. These low prices tend to cause the quantity of
11 peanuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketing of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the chan-
16 nels of interstate and foreign commerce. Since these un-
17 stable and chaotic conditions have existed for a period of
18 years and are likely, without proper regulation, to continue
19 to exist, it is imperative that the marketing of peanuts for
20 cleaning and shelling and for crushing for oil in interstate and
21 foreign commerce be regulated in order to protect producers,
22 handlers, processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the quota is proclaimed equal to the average
6 quantity of peanuts harvested for nuts during the five years
7 immediately preceding the year in which such quota is pro-
8 claimed, adjusted for current trends and prospective demand
9 conditions, and the quota so proclaimed shall be in effect
10 with respect to such crop. The national marketing quota
11 for peanuts for any year shall be converted to a national
12 acreage allotment by dividing such quota by the normal
13 yield per acre of peanuts for the United States determined
14 by the Secretary on the basis of the average yield per acre
15 of peanuts in the five years preceding the year in which
16 the quota is proclaimed, with such adjustments as may be
17 found necessary to correct for trends in yields and for ab-
18 normal conditions of production affecting yields in such five
19 years: *Provided*, That the national marketing quota estab-
20 lished for the crop produced in the calendar year 1941 shall
21 be a quantity of peanuts sufficient to provide a national
22 acreage allotment of not less than one million six hundred
23 and ten thousand acres, and that the national marketing
24 quota established for any subsequent year shall be quantity
25 of peanuts sufficient to provide a national acreage allotment

1 of not less than 95 per centum of that established for the
2 crop produced in the calendar year 1941.

3 “(b) Not later than December 15 of each calendar year
4 the Secretary shall conduct a referendum of farmers en-
5 gaged in the production of peanuts in the calendar year
6 in which the referendum is held to determine whether such
7 farmers are in favor of or opposed to marketing quotas with
8 respect to the crops of peanuts produced in the three calendar
9 years immediately following the year in which the refer-
10 endum is held, except that, if as many as two-thirds of the
11 farmers voting in any referendum vote in favor of marketing
12 quotas, no referendum shall be held with respect to quotas
13 for the second and third years of the period. The Secretary
14 shall proclaim the results of the referendum within thirty
15 days after the date on which it is held, and, if more than
16 one-third of the farmers voting in the referendum vote against
17 marketing quotas, the Secretary also shall proclaim that
18 marketing quotas will not be in effect with respect to the
19 crop of peanuts produced in the calendar year immediately
20 following the calendar year in which the referendum is held.
21 Notwithstanding any other provisions of this section, the
22 Secretary shall proclaim a national marketing quota with
23 respect to the crop of peanuts produced in the calendar year
24 1941 equal to the minimum quota provided for said year in
25 subsection (a) hereof and shall provide for the holding of a

1 referendum on such quota within thirty days after the date
2 upon which this Act becomes effective, and the State and
3 farm acreage allotments established under the 1941 agri-
4 cultural conservation program shall be the State and farm
5 acreage allotments for the 1941 crop of peanuts.

6 “(c) The national acreage allotment shall be appor-
7 tioned among States on the basis of the average acreage
8 of peanuts harvested for nuts in the five years preceding
9 the year in which the national allotment is determined, with
10 adjustments for trends, abnormal conditions of production,
11 and the State peanut-acreage allotment for the crop immedi-
12 ately preceding the crop for which the allotment hereunder
13 is established: *Provided*, That the allotment established for
14 any State for any year subsequent to 1941 shall be not less
15 than 95 per centum of the allotment established for such
16 State for the crop produced in the calendar year 1941:
17 *Provided further*, That for the second or third year of any
18 three-year period in which marketing quotas are in effect
19 the acreage allotment for each State for such year shall be
20 increased above or decreased below the allotment for the
21 State for the immediately preceding year by the same per-
22 centage as the national marketing quota for such year is in-
23 creased above or decreased below the national marketing
24 quota for the preceding year.

25 “(d) The Secretary shall provide for apportionment of

1 the State acreage allotment for any State through local com-
2 mittees among farms on which peanuts were grown in any
3 of the three years immediately preceding the year for which
4 such allotment is determined. Such apportionment shall be
5 made on the basis of the tillable acreage available for the
6 production of peanuts and the past acreage of peanuts on the
7 farm, taking into consideration the peanut-acreage allotments
8 established for the farm under previous agricultural adjust-
9 ment and conservation programs. Any acreage of peanuts
10 harvested in excess of the allotted acreage for any farm for
11 any year shall not be considered in the establishment of the
12 allotment for the farm until the third year following the
13 year in which such excess acreage is harvested and the total
14 increases made in farm acreage allotments in any year
15 based on such excess acreage shall not exceed 2 per centum
16 of the national acreage allotment for such year. The
17 amount of the marketing quota for each farm shall be the
18 actual production of the farm-acreage allotment, and no
19 peanuts shall be marketed under the quota for any farm
20 other than peanuts actually produced on the farm.

21 "MARKETING PENALTIES

22 "SEC. 359. (a) The marketing of any peanuts in excess
23 of the marketing quota for the farm on which such peanuts
24 are produced, or the marketing of peanuts from any farm
25 for which no acreage allotment was determined, shall be

1 subject to a penalty of 3 cents per pound, except as provided
2 in subsection (b) of this section. Such penalty shall be paid
3 by the person who buys or otherwise acquires the peanuts
4 from the producer, or, if the peanuts are sold by the producer
5 through an agent, the penalty shall be paid by such agent,
6 and such person or agent may deduct an amount equivalent
7 to the penalty from the price paid to the producer. The
8 Secretary may require collection of the penalty upon a por-
9 tion of each lot of peanuts marketed from the farm equal
10 to the proportion which the acreage of peanuts in excess of
11 the farm-acreage allotment is of the total acreage of peanuts
12 on the farm. If the person required to collect the penalty
13 fails to collect such penalty, such person and the producer
14 shall be jointly and severally liable for the amount of the
15 penalty. All funds collected pursuant to this section shall
16 be deposited in a special deposit account with the Treasurer
17 of the United States and such amounts as are determined, in
18 accordance with regulations prescribed by the Secretary, to
19 be penalties incurred shall be transferred to the general fund
20 of the Treasury of the United States. Amounts collected
21 in excess of determined penalties shall be paid to such pro-
22 ducers as the Secretary determines, in accordance with reg-
23 ulations prescribed by him, bore the burden of the payment
24 of the amount collected. Such special account shall be
25 administered by the Secretary and the basis for, the amount

1 of, and the producer entitled to receive a payment from such
2 account, when determined in accordance with regulations
3 prescribed by the Secretary, shall be final and conclusive.
4 If, in the course of marketing, any peanuts produced on one
5 farm are falsely identified by a representation that such
6 peanuts were produced on another farm, or, if there is a fail-
7 ure to make a report of the disposition of peanuts available
8 for marketing from any farm, each person participating in
9 the false identification of the peanuts or failing to make a
10 report of the disposition of such peanuts as required by reg-
11 ulations issued by the Secretary shall be subject to a penalty
12 of \$25 for each acre, or fraction thereof, of peanuts harvested
13 in excess of the farm-acreage allotment for the farm on which
14 such peanuts were produced and such penalty shall be in
15 addition to any other penalty due hereunder.

16 “(b) Payment of the penalty of 3 cents per pound upon
17 the marketing of peanuts as provided in subsection (a) above
18 will not be required if such excess peanuts are delivered
19 to and marketed through an agency or agencies designated
20 each year by the Secretary. Any peanuts received under this
21 subsection by such agency shall be sold by such agency for
22 crushing for oil under a sales agreement approved by the
23 Secretary, or for cleaning and shelling at prices not less
24 than those established under any peanut diversion or peanut
25 loan program operated by the Secretary. For all peanuts so

1 delivered under this subsection, producers shall be paid for the
2 portion of the lot constituting excess peanuts the market
3 value thereof for crushing for oil as of the date of such de-
4 livery, less the estimated cost of storing, handling, and
5 selling such peanuts. Any person who acquires peanuts for
6 crushing for oil under the provisions of this subsection, and
7 who uses or disposes of such peanuts for purposes other than
8 for crushing into oil shall pay a penalty of 3 cents per pound
9 upon the peanuts so used or disposed of and shall be guilty
10 of a misdemeanor and upon conviction therefor shall be fined
11 not more than \$1,000 or imprisoned for not more than one
12 year, or both. Operations under this subsection shall be
13 carried on under regulations prescribed by the Secretary,
14 and the operations of any agency designated to receive and
15 market peanuts may be separate from or combined with
16 operations of other agencies.

17 “(c) The provisions of this part shall not apply to
18 peanuts produced on any farm on which the acreage har-
19 vested for nuts is one acre or less.

20 “(d) The word ‘peanuts’ wherever used in this Act
21 means peanuts which are picked and threshed by mechanical
22 means.

23 “(e) If, in any referendum carried out pursuant to
24 subsection (b) of section 358, marketing quotas with respect
25 to peanuts are opposed by more than one-third of the

1 farmers voting in such referendum, no peanut loan program
2 shall be in effect with respect to the crop produced in the
3 calendar year immediately following that in which the
4 referendum is held. If quotas are approved by not less than
5 two-thirds of the farmers voting in such referendum, a pea-
6 nut loan program shall be in effect with respect to the
7 crops of peanuts produced in the three calendar years im-
8 mediately following the year in which the referendum is
9 held. The Commodity Credit Corporation is directed to
10 make available loans upon peanuts during any marketing
11 year in which marketing quotas are in effect. Such loans
12 shall be made only to producers, only on the marketing
13 quota for each farm, at rates not less than 52 per centum
14 and not more than 75 per centum of the parity price of
15 peanuts as of the beginning of the marketing year, and
16 the peanuts shall be the sole security for such loans. If a
17 referendum is held in 1941 with respect to the crop produced
18 in 1941, the provisions of this subsection shall apply as
19 though such referendum had been held in the calendar year
20 1940.

21 “(f) There is hereby authorized to be appropriated
22 each fiscal year beginning with the fiscal year 1941, out
23 of any moneys in the Treasury not otherwise appropriated,
24 such sums as may be necessary for the purposes set forth

1 in this subsection and for the expenses of administering this
2 subsection.

3 “(g) The provisions of this section shall not apply to
4 nor interfere with the inauguration or the operation of any
5 program approved by the Secretary pursuant to authority
6 contained in existing law designed to establish new uses for
7 peanuts and peanut products or expand markets for peanuts
8 and peanut products.”

9 SEC. 2. Paragraph (1) (B) of subsection (b) of sec-
10 tion 301 of subtitle A of title III of the Agricultural Adjust-
11 ment Act of 1938, as amended, is amended by inserting im-
12 mediately following the word “cotton” the words “or
13 peanuts”.

14 SEC. 3. Paragraph (6) of subsection (b) of section 301
15 of subtitle A of title III of the Agricultural Adjustment Act
16 of 1938, as amended, is amended by adding the following
17 new paragraph:

18 “(C) ‘Market’, in the case of peanuts, means to dispose
19 of peanuts, including farmers’ stock peanuts, shelled peanuts,
20 cleaned peanuts, or peanuts in processed form, by voluntary
21 or involuntary sale, barter, or exchange, or by gift inter
22 vivos.”

23 SEC. 4. Section 361 of subtitle C of title III of the Agri-
24 cultural Adjustment Act of 1938, as amended, is amended by

1 inserting after the comma following the word "cotton" the
2 word "peanuts" and a comma.

3 SEC. 5. Subsections (a) and (b) of section 371 of sub-
4 title C of title III of the Agricultural Adjustment Act of
5 1938, as amended, are amended by inserting after the comma
6 following the word "rice" the word "peanuts" and a comma.

7 SEC. 6. Subsection (a) of section 373 of subtitle C of
8 title III of the Agricultural Adjustment Act of 1938, as
9 amended, is amended by inserting after the comma following
10 the word "rice" wherever it appears in the first sentence
11 thereof, the word "peanuts" and a comma, by striking out
12 the word "and" following the word "producers" in such
13 first sentence; and by striking out the period at the end of
14 such first sentence and inserting in lieu thereof a comma
15 and the following: "all brokers and dealers in peanuts, all
16 agents marketing peanuts for producers, or acquiring pea-
17 nuts for buyers and dealers, and all peanut growers' cooper-
18 ative associations, all persons engaged in the business of
19 cleaning, shelling, crushing, and salting of peanuts and the
20 manufacture of peanut products, and all persons owning or
21 operating peanut-picking or peanut-threshing machines."

22 SEC. 7. Subsection (b) of section 373 of subtitle C of
23 title III of the Agricultural Adjustment Act of 1938, as
24 amended, is amended by inserting after the comma following
25 the word "rice" the word "peanuts" and a comma.

1 SEC. 8. Section 374 of subtitle C of title III of the
2 Agricultural Adjustment Act of 1938, as amended, is
3 amended by inserting after the comma following the word
4 “cotton” the word “peanuts” and a comma.

5 SEC. 9. Subsection (a) of section 375 of subtitle C of
6 title III of the Agricultural Adjustment Act of 1938, as
7 amended, is amended by inserting after the comma following
8 the word “rice” the word “peanuts” and a comma.

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

By Mr. PACE

FEBRUARY 24, 1941

Referred to the Committee on Agriculture

MARKETING QUOTAS—PEANUTS

FEBRUARY 25, 1941.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. PACE, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 3546]

The Committee on Agriculture, to whom was referred the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, having considered the same, report thereon with a recommendation that it do pass.

STATEMENT

The committee, through its subcommittee No. 1, conducted hearings. Attending these hearings were representatives of all of the different interests which may be affected by this legislation, including producers, millers, shellers, and processors.

The producers from each and all of the States which produces peanuts in any substantial quantity were represented at the hearings, either by representative growers or by growers' representatives. These producers were unanimous in their approval of the bill and in urging its early passage by the Congress. Likewise the shellers and millers endorsed the bill and urged its passage. One miller representative expressed a preference for the income-certificate plan, and a representative of a large candy manufacturer proposed some minor changes.

The hearings were conducted on, and the committee considered, H. R. 2983. In the course of its consideration the committee adopted a number of amendments, mainly to correct, perfect, and smooth out the administrative machinery, and in reporting the bill it ordered a reintroduction of the bill as so amended, so as to report a clean bill. That action accounts for the change in number.

THE NEED FOR MARKETING QUOTAS

The peanut is a food of the very finest quality and with high nutritive value. Some idea of the food value of the peanut may be gained from the following comparative table:

One pound	Protein	Carbo- hydrate	Fat	Iron	Lime	Calories
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	
Peanuts.....	25.8	24.4	38.6	0.0020	0.100	2,486
Steak, sirloin.....	18.9	-----	18.5	.0028	.014	1,098
Ham, lean smoked.....	19.8	-----	20.8	.0030	.015	1,208
Fowls.....	19.3	-----	16.3	.0029	.015	1,016
Sweetpotatoes.....	1.8	27.4	.7	.0005	.027	558
White potatoes.....	2.2	18.4	-----	.0010	-----	585
Whole milk.....	3.3	5.0	-----	.0005	-----	325
Bananas.....	1.3	22.0	-----	.0006	.013	446
Turnips.....	14.8	8.1	.2	.0005	.089	179
Fresh eggs.....	2.1	-----	10.5	-----	-----	720
Spinach.....	-----	3.2	.3	.0036	.094	109

The market for the peanut as an article of food is referred to as the edible trade. This consists of the manufacture of peanut butter, peanut candy, and salted or parched peanuts. This trade or outlet offers the producer the only market which gives much promise of a price in any way commensurate with the cost of production. Testimony at the hearings shows that it costs 2½ to 3 cents per pound, or from \$50 to \$60 per ton, to grow and harvest peanuts.

Naturally the cost of production varies with the yield per acre. Peanuts are produced in three different areas, namely: (1) The Virginia area, comprising the States of Virginia, North Carolina, and Tennessee; (2) the Southeast area, comprising the States of South Carolina, Georgia, Florida, Alabama, and Mississippi; and (3), the Southwest area, comprising the States of Arkansas, Louisiana, Oklahoma, and Texas. For the 5-year period 1933 to 1937, both inclusive, the average production was 466 pounds of peanuts per acre for the Southwest area, 675 pounds per acre for the Southeast area, and 1,084 pounds per acre for the Virginia area.

Peanuts, when crushed, also produce a high-quality vegetable oil, but the producers cannot at this time look to that use as offering a market which gives any assurance of a price in keeping with the cost of production. Only once in the last 10 years has that market offered a return in any way commensurate with the cost of production. During the 10-year period 1930 to 1939, both inclusive, the Nation produced, from domestic and imported materials, excluding butter, an average of 5,249,000,000 pounds of fats and oils, and of this peanut oil averaged only 43,000,000 pounds, or considerably less than 1 percent.

An interesting sidelight in this connection is the contribution which soybean oil has made to the supply of fats and oils during the same period. Soybean production has increased from 3,387,000 acres in 1930 to over 10,000,000 acres in 1940, confined mostly to the States of Illinois, Indiana, Iowa, Ohio, and Missouri. The following table indicates the soybean oil increase:

	<i>Pounds</i>		<i>Pounds</i>
1930-31.....	28, 000, 000	1935-36.....	184, 000, 000
1931-32.....	43, 000, 000	1936-37.....	204, 000, 000
1932-33.....	31, 000, 000	1937-38.....	241, 000, 000
1933-34.....	26, 000, 000	1938-39.....	404, 000, 000
1934-35.....	63, 000, 000	1939-40.....	508, 000, 000

Every branch of the peanut industry has joined in an effort to find new uses for peanuts and to increase the use of peanuts in the edible trade. Just this month national peanut week was celebrated in an effort to inform the people of the delightful flavor of the peanut and its great food and health-giving value. In this campaign the growers, the shellers, the millers, the manufacturers, and the Department of Agriculture have all joined, and naturally it is hoped that through the years the general public will awaken to an appreciation of the real worth of the lowly goober, both for its high food value and its delightful taste.

But it is well known that the discovery and perfection of new and practical uses for our farm commodities is a slow and discouraging process, and that to change or alter in the slightest the eating habits of the American people takes time, sometimes a generation or two. Therefore, for the present the peanut producers of the Nation are faced with an edible market which has expanded very little through the years and does not offer any considerable expansion in the immediate future. The following table shows the quantity of peanuts cleaned and shelled during the 5 years 1935 to 1939, inclusive, and how little, if any, expansion there has been:

	<i>Tons</i>		<i>Tons</i>
1935.....	390, 990	1938.....	401, 331
1936.....	445, 366	1939.....	444, 758
1937.....	427, 054		

And the price paid to the farmer does not appear to have controlled these figures on the quantity of peanuts consumed, as the highest prices paid the farmer during these 5 years were for the 1936 crop and that is the year the greatest quantity was consumed, while the second highest price paid the farmer was in 1939 and that is the second highest consumption.

But, while the consumption of peanuts through the edible trade has remained almost stationary during the last several years, the acreage planted to peanuts and the quantity of peanuts harvested has been rapidly increasing. The figures, as reported by the Department of Agriculture, speak for themselves:

<i>Year</i>	<i>Harvested</i>	<i>Picked and threshed</i>	<i>Year</i>	<i>Harvested</i>	<i>Picked and threshed</i>
	<i>Acres</i>	<i>Tons</i>		<i>Acres</i>	<i>Tons</i>
1933.....	1, 217, 000	409, 810	1937.....	1, 500, 000	612, 095
1934.....	1, 488, 000	504, 975	1938.....	1, 708, 000	652, 900
1935.....	1, 473, 000	573, 613	1939.....	1, 859, 000	589, 752
1936.....	1, 606, 000	626, 545	1940.....	1, 905, 000	865, 818

Comparison of the above table with the one next before will show that in 1940 there were nearly twice as many peanuts picked and threshed as there is any likelihood of being consumed through the edible trade.

During 6 of the last 7 years (1936 excepted) the Department of Agriculture, through its surplus removal agency (now the Surplus Marketing Administration), has undertaken to assist the peanut producers of the Nation in maintaining a fair price or at least a cost-of-production price for their crop, by removal of the surplus from the market through diversion to oil. These programs were operated under

the provisions of section 32, Public, 320, Seventy-fourth Congress, as amended, or under section 12 of the Soil Conservation and Domestic Allotment Act. The current report of the Surplus Marketing Administration shows, among its expenditures for surplus-removal programs in the fiscal year 1940, the following, among other items:

Walnuts.....	\$1, 142, 048	Raisins.....	\$5, 313, 535
Peanuts.....	1, 280, 843	Evaporated milk.....	3, 628, 445
Rice.....	3, 071, 410	Butter.....	12, 649, 797
Apples.....	9, 109, 948	Eggs.....	15, 440, 520
Oranges.....	4, 198, 473	Pork products.....	25, 805, 388
Prunes.....	4, 039, 794		

The statement has been made, and apparently is borne out by the facts, that, of the numerous helpful programs operated by the Department of Agriculture, none has returned to the producer as many dollars for the amount expended as the peanut programs of the past. Of comparatively small cost, it has meant the difference between a livelihood and bankruptcy for many thousands of farmers of the Nation.

But, facing this constantly increasing acreage planted to peanuts, the Surplus Marketing Administration has indicated its incapacity and unwillingness to continue to undertake to remove the surplus, certainly not at the price level (about 50 percent of parity) which it has tried to support in the past. The announcement of the program for the 1940 crop concluded with this significant statement:

In accordance with previous announcements, conferences with peanut growers will be held soon to consider the coordination of acreage allotments with a diversion program before either program is undertaken for the 1941 crop, in view of the fact that it is necessary to find means for reducing the expanding peanut acreage before the 1941 crop is planted.

The conferences have been held. They were in progress for months. The peanut growers, in appreciation of the assistance given them in the past, have indicated their desire to cooperate with the Department of Agriculture in every possible way. And realizing they could not reasonably expect a surplus removal program without some control of the surplus, they have themselves presented the present bill as a plan to control and reduce, if not ultimately eliminate, the surplus.

It is the judgment of the committee, from the testimony submitted, that this bill has practically the unanimous approval of the peanut growers of the Nation.

As peanuts are now being planted in the southern sections of Texas, it is important that the Congress give its earliest possible consideration to this bill.

ANALYSIS OF THE BILL

Section 357 sets forth the interstate character of the marketing of peanuts and the need for legislation on the subject by the Congress in order to protect producers, handlers, processors, and consumers.

Section 358 requires the Secretary of Agriculture, between July 1 and December 1 of each calendar year, to proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding year. This amount shall equal the average quantity of peanuts harvested for nuts during the 5 preceding years, adjusted for current trends and prospective demand conditions. Under this provision the Secretary would first determine the average quantity of peanuts harvested for nuts during the preceding 5 years, and would

then be authorized to adjust such average up or down by taking into consideration the current trends in production and consumption and the quantity of cleaned and shelled peanuts diverted into oil.

The section then provides that the national marketing quota shall be converted into a national acreage allotment, and that this shall be done by dividing such quota by the normal yield per acre on the basis of the average yield in the 5 preceding years, with necessary adjustments to correct for trends in yields and abnormal conditions of production. Such adjustments should be authorized, for instance, to meet a situation which exists at the present time, when it is recognized that the average yield per acre of 845 pounds in the 1940 crop is abnormally and unprecedentedly high, and such yield could not be expected normally. ✓

This section further provides that the national acreage allotment for the year 1941 shall be 1,610,000 acres and that, following the passage of the bill, the Secretary shall proclaim a national marketing quota sufficient to provide a national acreage allotment in that amount, and shall within 30 days provide for the holding of a referendum on such quota. The national acreage allotment for 1941 is fixed in the bill at the number of acres stated because it is recognized that the bill cannot be passed before many of the producers have planted their 1941 peanut crop and it is necessary for them to know what acreage to plant. The national acreage of 1,610,000 acres has already been allotted to the peanut producers under the provisions of the Soil Conservation and Domestic Allotment Act and the bill provides that those allotments for the Nation, the States, the counties, and the individual farms shall be confirmed and become the allotments under the terms of this bill for this year. Of course, in subsequent years, the regular formula for allotments as set out in the bill will be operative. ✓

In order to establish stability in making allotments in the future, this section also provides that in subsequent years, neither the national acreage allotment nor the allotment for any State shall be less than 95 percent of the 1941 National and State allotments.

In order for marketing quotas to be put into effect by the Secretary, it is necessary for the farmers engaged in the production of peanuts to vote, in a referendum conducted by the Secretary, by a majority of at least two-thirds of those voting, in favor of marketing quotas. When such number vote in favor of quotas, the same shall remain in effect for 3 calendar years. If more than one-third of the farmers voting in such referendum vote against marketing quotas, then such quotas will not be in effect for the crop produced in the next succeeding calendar year.

Subsection (c) of section 358 provides for the apportionment of the national acreage allotment among the several States. This apportionment shall be on the basis of the average acreage of peanuts harvested for nuts in the 5 preceding years, with adjustments for trends, abnormal conditions of production, and the State acreage allotment for the year immediately preceding. If quotas are voted in, then during the second and third year of any 3-year period, the allotment for each State shall be increased or decreased in the same proportion as the national allotment for such years is increased or decreased. Of course, after termination of such 3-year period, the State allotments will be adjusted on the basis of the average acreage harvested for nuts

in each State for the 5 years preceding, with adjustments as above stated.

Subsection (d) of section 358 provides that the State acreage allotment shall be apportioned to the individual farms through local committees and that the farms eligible to receive acreage allotments are those on which peanuts were grown in any of the 3 years immediately preceding. The local committees making these farm allotments will be the same committees now engaged in making specific crop allotments under this act. The allotment to farms shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut acreage allotments established for the farm under the provisions of the agricultural adjustment and conservation programs.

The subsection also provides that any acreage of peanuts harvested in excess of the allotted acreage shall not be considered as establishing a base for an allotment until the third year following the year in which such excess acreage is harvested; also, that the total acreage allotments based on such excess acreage shall not exceed in any year 2 percent of the national acreage allotment. These provisions apply both to new producers and to those who received allotments but harvested additional acreage.

The marketing quota for each farm is the actual production of the farm acreage allotment. That is, there may be marketed without penalty whatever quantity of peanuts is produced on the allotted acreage and only on the allotted acreage.

Subsection (a) of section 359 fixes the penalty for the marketing of peanuts in excess of the marketing quota. This penalty is 3 cents per pound or \$60 per ton. The method of collecting the penalty and the refund of penalties in certain cases is set forth. An additional penalty is also provided where peanuts produced on one farm are falsely reported as having been produced on another farm or if there is a failure to report on the disposition of peanuts available for marketing from any farm. This additional penalty is at the rate of \$25 for each acre or fraction thereof.

Subsection (b) of section 359 provides that the producers will be relieved of the payment of the 3 cents per pound penalty for the marketing of excess peanuts, that is, for the marketing of peanuts grown on acreage in excess of the farm acreage allotment, if they will deliver and market such excess peanuts through an agency or agencies designated by the Secretary. This, of course, is necessary in order to prevent such excess peanuts from moving into the edible trade unless it should appear that the peanuts produced on the allotted acreage is insufficient to supply the edible trade and at a price fair to the producer and to the consumer. The peanuts received by such agency shall be sold by it for crushing for oil. This removes them from the available supply and at the same time, saves the grower who has inadvertently or by intention harvested peanuts in excess of his marketing quota from sustaining a total loss of such excess. For such excess peanuts the producer will be paid the market value thereof for crushing for oil as of the date of delivery, less the estimated cost of storing, handling, and selling.

In order to prevent any dealer or other person from accumulating a large supply of excess peanuts, which he has bought at the oil price,

and undertaking to use or dispose of them for other than crushing purposes, this subsection imposes a further and additional penalty of 3 cents per pound for any peanuts so used or disposed of, and also provides punishment as for a misdemeanor.

Subsection (c) of section 359 exempts from the provisions of the law the peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less.

Subsection (e) of section 359 provides, if not less than two-thirds of the farmers voting in a referendum approve marketing quotas, that a peanut-loan program should be in effect with respect to the peanuts produced in the next 3 calendar years. If more than one-third of the farmers voting in such referendum oppose marketing quotas then no such loan program shall be in effect.

The Commodity Credit Corporation is directed to make available loans upon peanuts during the marketing years in which marketing quotas are in effect. Such loans may be made only to producers, only on peanuts harvested from the allotted acreage and no producer shall be personally liable for any deficiency arising from the sale of the collateral securing such loans. Such loans shall be at rates not less than 52 and not more than 75 percent of the parity price of peanuts as of the beginning of the marketing year. The parity price of peanuts in December 1940, as found and published by the Bureau of Agricultural Economics, United States Department of Agriculture, was 6.1 cents per pound.

These provisions as to loans on peanuts are almost identical with present provisions of the act relating to loans on cotton, corn, and wheat, and are within limitations therein provided.

Subsection (f) of section 359 authorizes the appropriation of such sums as may be necessary for the purposes of this part and for the expenses of its administration. As the machinery for making and checking acreage allotments made under the Agricultural Adjustment Act are already set up, and as acreage allotments for peanuts have been made during the last several years under the Soil Conservation and Domestic Allotment Act, it is not anticipated that that feature of the administration will bring about the expenditure of any considerable sum. The enforcement of the marketing features should not require any substantial increase in the personnel of the present administrative machinery under the act. Should it become necessary to divert any of the peanuts harvested from the allotted acreage the funds available under section 32, Public, 320, 74th Congress, as amended, or under section 12 of the Soil Conservation and Domestic Allotment Act, could be used, or an estimate of the cost of such diversion could be submitted to the Congress for an appropriation.

The remaining sections of the bill, as particularly appears from the following portions of this report, amends the present act in such particulars as is necessary to set up the enforcement of marketing quotas for peanuts.

The Secretary of Agriculture, in compliance with the request of this committee, filed a report on H. R. 2983. That report is principally a description of the provisions of the bill and the discussion of certain changes or amendments dealing with administration. The committee has considered all of these changes and several of them have been

incorporated in the new bill, H. R. 3546. The Secretary's report concludes as follows:

With the above suggested changes, this Department recommends that the bill be enacted. The Bureau of the Budget advises that there is no objection to the submission of this report.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows: Existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman:

[Public, 430, 75th Cong.]

TITLE III—LOANS, PARITY PAYMENTS, CONSUMER SAFEGUARDS, AND MARKETING QUOTAS

Part I of the existing act covers marketing quotas on tobacco.

Part II covers marketing quotas on corn.

Part III covers marketing quotas on wheat.

Part IV covers marketing quotas on cotton.

Part V covers marketing quotas on rice.

The bill as reported does not change any of the above provisions in any way; but adds a new part VI to cover marketing quotas on peanuts. These new provisions are shown as follows:

PART VI—MARKETING QUOTAS—PEANUTS

LEGISLATIVE FINDINGS

SEC. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketing of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

MARKETING QUOTAS

SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the

quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: Provided, That the national marketing quota established for the crop produced in the calendar year 1941 shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 95 per centum of that established for the crop produced in the calendar year 1941.

(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts.

(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the five years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: Provided, That the allotment established for any State for any year subsequent to 1941 shall be not less than 95 per centum of the allotment established for such State for the crop produced in the calendar year 1941: Provided further, For the second or third year of any three-year period in which marketing quotas are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percent as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm acreage allotments in any year based on such excess acreage shall not exceed 2 per centum of the national acreage allotment for such year. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

MARKETING PENALTIES

SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty

shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are sold by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and the producer shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut diversion or peanut loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil shall pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction therefor shall be fined not more than \$1,000 or imprisoned for not more than one year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

(d) The word "peanuts" wherever used in this Act means peanuts which are picked and threshed by mechanical means.

(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-loan program shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, a peanut-loan program shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, only on the marketing quota for each farm, at rates not less than 52 per centum and not more than 75 per centum of the parity price of peanuts as of the beginning of the marketing year, and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940.

(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this subsection and for the expenses of administering this subsection.

(g) *The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products.*

SEC. 301 * * *

(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES.—For the purposes of this title—

(1) (B) “Actual production” of any number of acres of cotton or peanuts on a farm means the actual average yield for the farm times such number of acres.

* * * * *

“(6) (A) ‘Market’, in the case of corn, cotton, rice, tobacco, and wheat, means to dispose of, in raw or processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos, and, in the case of corn and wheat, by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, or exchanged, or to be so disposed of, but does not include disposing of any of such commodities as premium to the Federal Crop Insurance Corporation under title V.

“(B) ‘Marketed’, ‘marketing’, and ‘for market’ shall have corresponding meanings to the term ‘market’ in the connection in which they are used.”.

“(C) ‘Market’, in the case of peanuts, means to dispose of peanuts, including farmers’ stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos.”

SUBTITLE C—ADMINISTRATIVE PROVISIONS

PART I—PUBLICATION AND REVIEW OF QUOTAS

APPLICATION OF PART

SEC. 361. This Part shall apply to the publication and review of farm marketing quotas established for tobacco, corn, wheat, cotton, peanuts, and rice, established under subtitle B.

PART II—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of corn, wheat, cotton, rice, peanuts, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota for corn, wheat, cotton, rice, peanuts, or tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary in order to effectuate the declared policy of this Act or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota shall be increased, or shall terminate, as the case may be.

REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, peanuts, or tobacco, and all ginnerers of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, peanuts, or tobacco from producers, [and] all persons engaged in the business of redrying, prizing, or stemming tobacco for producers[.], all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for

buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500; and any tobacco warehouseman or dealer who fails to remedy such violation by making a complete and accurate report or keeping a complete and accurate record as required by this subsection within fifteen days after notice to him of such violation shall be subject to an additional fine of \$100 for each ten thousand pounds of tobacco, or fraction thereof, bought or sold by him after the date of such violation: *Provided*, That such fine shall not exceed \$5,000; and notice of such violation shall be served upon the tobacco warehouseman or dealer by mailing the same to him by registered mail or by posting the same at any established place of business operated by him, or both.

(b) Farmers engaged in the production of corn, wheat, cotton, rice, *peanuts*, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. The Secretary shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, *peanuts*, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, *peanuts*, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.







77TH CONGRESS
1ST SESSION

H. R. 3546

[Report No. 147]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 1941

Mr. PACE introduced the following bill; which was referred to the Committee on Agriculture

FEBRUARY 25, 1941

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of sub-
5 title B thereof the following new part:

6 “PART VI—MARKETING QUOTAS—PEANUTS

7 “LEGISLATIVE FINDINGS

8 “SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and the
4 persons engaged in the marketing and processing thereof are
5 unable to regulate effectively the orderly marketing of the
6 commodity. As the quantity of peanuts marketed in the
7 channels of interstate and foreign commerce increases above
8 the quantity of peanuts needed for cleaning and shelling, the
9 prices at which all peanuts are marketed are depressed to
10 low levels. These low prices tend to cause the quantity of
11 peanuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketing of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the chan-
16 nels of interstate and foreign commerce. Since these un-
17 stable and chaotic conditions have existed for a period of
18 years and are likely, without proper regulation, to continue
19 to exist, it is imperative that the marketing of peanuts for
20 cleaning and shelling and for crushing for oil in interstate and
21 foreign commerce be regulated in order to protect producers,
22 handlers, processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the quota is proclaimed equal to the average
6 quantity of peanuts harvested for nuts during the five years
7 immediately preceding the year in which such quota is pro-
8 claimed, adjusted for current trends and prospective demand
9 conditions, and the quota so proclaimed shall be in effect
10 with respect to such crop. The national marketing quota
11 for peanuts for any year shall be converted to a national
12 acreage allotment by dividing such quota by the normal
13 yield per acre of peanuts for the United States determined
14 by the Secretary on the basis of the average yield per acre
15 of peanuts in the five years preceding the year in which
16 the quota is proclaimed, with such adjustments as may be
17 found necessary to correct for trends in yields and for ab-
18 normal conditions of production affecting yields in such five
19 years: *Provided*, That the national marketing quota estab-
20 lished for the crop produced in the calendar year 1941 shall
21 be a quantity of peanuts sufficient to provide a national
22 acreage allotment of not less than one million six hundred
23 and ten thousand acres, and that the national marketing
24 quota established for any subsequent year shall be quantity
25 of peanuts sufficient to provide a national acreage allotment

1 of not less than 95 per centum of that established for the
2 crop produced in the calendar year 1941.

3 “(b) Not later than December 15 of each calendar year
4 the Secretary shall conduct a referendum of farmers en-
5 gaged in the production of peanuts in the calendar year
6 in which the referendum is held to determine whether such
7 farmers are in favor of or opposed to marketing quotas with
8 respect to the crops of peanuts produced in the three calendar
9 years immediately following the year in which the refer-
10 endum is held, except that, if as many as two-thirds of the
11 farmers voting in any referendum vote in favor of marketing
12 quotas, no referendum shall be held with respect to quotas
13 for the second and third years of the period. The Secretary
14 shall proclaim the results of the referendum within thirty
15 days after the date on which it is held, and, if more than
16 one-third of the farmers voting in the referendum vote against
17 marketing quotas, the Secretary also shall proclaim that
18 marketing quotas will not be in effect with respect to the
19 crop of peanuts produced in the calendar year immediately
20 following the calendar year in which the referendum is held.
21 Notwithstanding any other provisions of this section, the
22 Secretary shall proclaim a national marketing quota with
23 respect to the crop of peanuts produced in the calendar year
24 1941 equal to the minimum quota provided for said year in
25 subsection (a) hereof and shall provide for the holding of a

1 referendum on such quota within thirty days after the date
2 upon which this Act becomes effective, and the State and
3 farm acreage allotments established under the 1941 agri-
4 cultural conservation program shall be the State and farm
5 acreage allotments for the 1941 crop of peanuts.

6 “(c) The national acreage allotment shall be appor-
7 tioned among States on the basis of the average acreage
8 of peanuts harvested for nuts in the five years preceding
9 the year in which the national allotment is determined, with
10 adjustments for trends, abnormal conditions of production,
11 and the State peanut-acreage allotment for the crop immedi-
12 ately preceding the crop for which the allotment hereunder
13 is established: *Provided*, That the allotment established for
14 any State for any year subsequent to 1941 shall be not less
15 than 95 per centum of the allotment established for such
16 State for the crop produced in the calendar year 1941:
17 *Provided further*, That for the second or third year of any
18 three-year period in which marketing quotas are in effect
19 the acreage allotment for each State for such year shall be
20 increased above or decreased below the allotment for the
21 State for the immediately preceding year by the same per-
22 centage as the national marketing quota for such year is in-
23 creased above or decreased below the national marketing
24 quota for the preceding year.

25 “(d) The Secretary shall provide for apportionment of

1 the State acreage allotment for any State through local com-
2 mittees among farms on which peanuts were grown in any
3 of the three years immediately preceding the year for which
4 such allotment is determined. Such apportionment shall be
5 made on the basis of the tillable acreage available for the
6 production of peanuts and the past acreage of peanuts on the
7 farm, taking into consideration the peanut-acreage allotments
8 established for the farm under previous agricultural adjust-
9 ment and conservation programs. Any acreage of peanuts
10 harvested in excess of the allotted acreage for any farm for
11 any year shall not be considered in the establishment of the
12 allotment for the farm until the third year following the
13 year in which such excess acreage is harvested and the total
14 increases made in farm acreage allotments in any year
15 based on such excess acreage shall not exceed 2 per centum
16 of the national acreage allotment for such year. The
17 amount of the marketing quota for each farm shall be the
18 actual production of the farm-acreage allotment, and no
19 peanuts shall be marketed under the quota for any farm
20 other than peanuts actually produced on the farm.

21 "MARKETING PENALTIES

22 "SEC. 359. (a) The marketing of any peanuts in excess
23 of the marketing quota for the farm on which such peanuts
24 are produced, or the marketing of peanuts from any farm
25 for which no acreage allotment was determined, shall be

1 subject to a penalty of 3 cents per pound, except as provided
2 in subsection (b) of this section. Such penalty shall be paid
3 by the person who buys or otherwise acquires the peanuts
4 from the producer, or, if the peanuts are sold by the producer
5 through an agent, the penalty shall be paid by such agent,
6 and such person or agent may deduct an amount equivalent
7 to the penalty from the price paid to the producer. The
8 Secretary may require collection of the penalty upon a por-
9 tion of each lot of peanuts marketed from the farm equal
10 to the proportion which the acreage of peanuts in excess of
11 the farm-acreage allotment is of the total acreage of peanuts
12 on the farm. If the person required to collect the penalty
13 fails to collect such penalty, such person and the producer
14 shall be jointly and severally liable for the amount of the
15 penalty. All funds collected pursuant to this section shall
16 be deposited in a special deposit account with the Treasurer
17 of the United States and such amounts as are determined, in
18 accordance with regulations prescribed by the Secretary, to
19 be penalties incurred shall be transferred to the general fund
20 of the Treasury of the United States. Amounts collected
21 in excess of determined penalties shall be paid to such pro-
22 ducers as the Secretary determines, in accordance with reg-
23 ulations prescribed by him, bore the burden of the payment
24 of the amount collected. Such special account shall be
25 administered by the Secretary and the basis for, the amount

1 of, and the producer entitled to receive a payment from such
2 account, when determined in accordance with regulations
3 prescribed by the Secretary, shall be final and conclusive.
4 If, in the course of marketing, any peanuts produced on one
5 farm are falsely identified by a representation that such
6 peanuts were produced on another farm, or, if there is a fail-
7 ure to make a report of the disposition of peanuts available
8 for marketing from any farm, each person participating in
9 the false identification of the peanuts or failing to make a
10 report of the disposition of such peanuts as required by reg-
11 ulations issued by the Secretary shall be subject to a penalty
12 of \$25 for each acre, or fraction thereof, of peanuts harvested
13 in excess of the farm-acreage allotment for the farm on which
14 such peanuts were produced and such penalty shall be in
15 addition to any other penalty due hereunder.

16 “(b) Payment of the penalty of 3 cents per pound upon
17 the marketing of peanuts as provided in subsection (a) above
18 will not be required if such excess peanuts are delivered
19 to and marketed through an agency or agencies designated
20 each year by the Secretary. Any peanuts received under this
21 subsection by such agency shall be sold by such agency for
22 crushing for oil under a sales agreement approved by the
23 Secretary, or for cleaning and shelling at prices not less
24 than those established under any peanut diversion or peanut
25 loan program operated by the Secretary. For all peanuts so

1 delivered under this subsection, producers shall be paid for the
2 portion of the lot constituting excess peanuts the market
3 value thereof for crushing for oil as of the date of such de-
4 livery, less the estimated cost of storing, handling, and
5 selling such peanuts. Any person who acquires peanuts for
6 crushing for oil under the provisions of this subsection, and
7 who uses or disposes of such peanuts for purposes other than
8 for crushing into oil shall pay a penalty of 3 cents per pound
9 upon the peanuts so used or disposed of and shall be guilty
10 of a misdemeanor and upon conviction therefor shall be fined
11 not more than \$1,000 or imprisoned for not more than one
12 year, or both. Operations under this subsection shall be
13 carried on under regulations prescribed by the Secretary.
14 and the operations of any agency designated to receive and
15 market peanuts may be separate from or combined with
16 operations of other agencies.

17 “(c) The provisions of this part shall not apply to
18 peanuts produced on any farm on which the acreage har-
19 vested for nuts is one acre or less.

20 “(d) The word ‘peanuts’ wherever used in this Act
21 means peanuts which are picked and threshed by mechanical
22 means.

23 “(e) If, in any referendum carried out pursuant to
24 subsection (b) of section 358, marketing quotas with respect
25 to peanuts are opposed by more than one-third of the

1 farmers voting in such referendum, no peanut loan program
2 shall be in effect with respect to the crop produced in the
3 calendar year immediately following that in which the
4 referendum is held. If quotas are approved by not less than
5 two-thirds of the farmers voting in such referendum, a pea-
6 nut loan program shall be in effect with respect to the
7 crops of peanuts produced in the three calendar years im-
8 mediately following the year in which the referendum is
9 held. The Commodity Credit Corporation is directed to
10 make available loans upon peanuts during any marketing
11 year in which marketing quotas are in effect. Such loans
12 shall be made only to producers, only on the marketing
13 quota for each farm, at rates not less than 52 per centum
14 and not more than 75 per centum of the parity price of
15 peanuts as of the beginning of the marketing year, and
16 the peanuts shall be the sole security for such loans. If a
17 referendum is held in 1941 with respect to the crop produced
18 in 1941, the provisions of this subsection shall apply as
19 though such referendum had been held in the calendar year
20 1940.

21 “(f) There is hereby authorized to be appropriated
22 each fiscal year beginning with the fiscal year 1941, out
23 of any moneys in the Treasury not otherwise appropriated,
24 such sums as may be necessary for the purposes set forth

1 in this subsection and for the expenses of administering this
2 subsection.

3 “(g) The provisions of this section shall not apply to
4 nor interfere with the inauguration or the operation of any
5 program approved by the Secretary pursuant to authority
6 contained in existing law designed to establish new uses for
7 peanuts and peanut products or expand markets for peanuts
8 and peanut products.”

9 SEC. 2. Paragraph (1) (B) of subsection (b) of sec-
10 tion 301 of subtitle A of title III of the Agricultural Adjust-
11 ment Act of 1938, as amended, is amended by inserting im-
12 mediately following the word “cotton” the words “or
13 peanuts”.

14 SEC. 3. Paragraph (6) of subsection (b) of section 301
15 of subtitle A of title III of the Agricultural Adjustment Act
16 of 1938, as amended, is amended by adding the following
17 new paragraph:

18 “(C) ‘Market’, in the case of peanuts, means to dispose
19 of peanuts, including farmers’ stock peanuts, shelled peanuts,
20 cleaned peanuts. or peanuts in processed form, by voluntary
21 or involuntary sale, barter, or exchange, or by gift inter
22 vivos.”

23 SEC. 4. Section 361 of subtitle C of title III of the Agri-
24 cultural Adjustment Act of 1938, as amended, is amended by

1 inserting after the comma following the word "cotton" the
2 word "peanuts" and a comma.

3 SEC. 5. Subsections (a) and (b) of section 371 of sub-
4 title C of title III of the Agricultural Adjustment Act of
5 1938, as amended, are amended by inserting after the comma
6 following the word "rice" the word "peanuts" and a comma.

7 SEC. 6. Subsection (a) of section 373 of subtitle C of
8 title III of the Agricultural Adjustment Act of 1938, as
9 amended, is amended by inserting after the comma following
10 the word "rice" wherever it appears in the first sentence
11 thereof, the word "peanuts" and a comma, by striking out
12 the word "and" following the word "producers" in such
13 first sentence; and by striking out the period at the end of
14 such first sentence and inserting in lieu thereof a comma
15 and the following: "all brokers and dealers in peanuts, all
16 agents marketing peanuts for producers, or acquiring pea-
17 nuts for buyers and dealers, and all peanut growers' cooper-
18 ative associations, all persons engaged in the business of
19 cleaning, shelling, crushing, and salting of peanuts and the
20 manufacture of peanut products, and all persons owning or
21 operating peanut-picking or peanut-threshing machines."

22 SEC. 7. Subsection (b) of section 373 of subtitle C of
23 title III of the Agricultural Adjustment Act of 1938, as
24 amended, is amended by inserting after the comma following
25 the word "rice" the word "peanuts" and a comma.

1 SEC. 8. Section 374 of subtitle C of title III of the
2 Agricultural Adjustment Act of 1938, as amended, is
3 amended by inserting after the comma following the word
4 “cotton” the word “peanuts” and a comma.

5 SEC. 9. Subsection (a) of section 375 of subtitle C of
6 title III of the Agricultural Adjustment Act of 1938, as
7 amended, is amended by inserting after the comma following
8 the word “rice” the word “peanuts” and a comma.

77TH CONGRESS
1ST SESSION

H. R. 3546

[Report No. 147]

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

By Mr. PACE

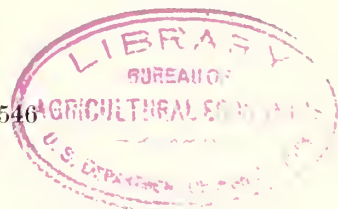
FEBRUARY 24, 1941

Referred to the Committee on Agriculture

FEBRUARY 25, 1941

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

CONSIDERATION OF H. R. 3546



FEBRUARY 27, 1941.—Referred to the House Calendar and ordered to be printed

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 115]

The Committee on Rules, having had under consideration House Resolution 115, report the same to the House with the recommendation that the resolution do pass.

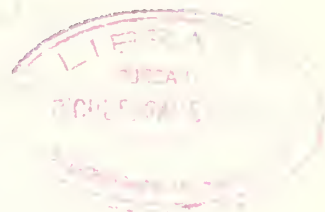


House Calendar No. 24

77TH CONGRESS
1ST SESSION

H. RES. 115

[Report No. 164]



IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1941

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the state of the Union
4 for the consideration of H. R. 3546, a bill to amend the
5 Agricultural Adjustment Act of 1938, as amended, for the
6 purpose of regulating interstate and foreign commerce in pea-
7 nuts, and for other purposes. That after general debate,
8 which shall be confined to the bill and continue not to exceed
9 one hour, to be equally divided and controlled by the chair-
10 man and ranking minority member of the Committee on
11 Irrigation and Reclamation, the bill shall be read for amend-
12 ment under the five-minute rule. At the conclusion of the

1 reading of the bill for amendment the Committee shall rise
 2 and report the same to the House with such amendments as
 3 may have been adopted, and the previous question shall be
 4 considered as ordered on the bill and amendments thereto to
 5 final passage without intervening motion except one motion
 6 to recommit, with or without instructions.

77TH CONGRESS
1ST Session**H. RES. 115**

[Report No. 164]

RESOLUTION

For the consideration of H. R. 3546, a bill to
 amend the Agricultural Adjustment Act of
 1938, as amended, for the purpose of regu-
 lating interstate and foreign commerce in
 peanuts, and for other purposes.

 By Mr. SMITH of Virginia

FEBRUARY 27, 1941

Referred to the House Calendar and ordered to be
 printed

Mr. STEAGALL. Mr. Chairman, in order that the members of the Committee may fully understand the situation, I suggest that the second amendment may be read by unanimous consent at this time, so we will know just what is involved.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

Amendment proposed by Mr. KRAMER: Page 4, line 12, after "(a)," insert "(1)"; and on page 5, after line 5, insert:

"(2) It is hereby declared to be the policy of Congress that the insurance of mortgages under this title be limited to mortgages covering property to be used for housing for defense employees only. The Administrator shall prescribe such rules and regulations governing the exercise of his powers under paragraph (1) as may be necessary to effectuate such policy."

Mr. KRAMER. Mr. Chairman, this additional amendment is one which I take the credit for, because it was promulgated by me when I first came back here in January. I came back here at that time with information which had been brought to my attention, particularly in my district, where the housing situation was quite acute. One of our industries, the Vultee Airplane Plant, has no housing facilities, although it is adjacent to the outlying area of Los Angeles, in the city of Downey. All facilities, such as schools and churches and other city facilities, are close by, but there are no homes within a radius of 18 or 20 miles, and these workers have to travel by automobile after putting in a day's work. Upon their suggestion, I took the matter up with the Federal Housing Authority and the R. F. C., and as a result of that this bill was prepared.

I am in favor of the pending bill; but unless this amendment is included in the measure, the Federal Housing Administration can build homes for anyone except those for whom the bill was intended. The bill is intended for the defense worker. It is a defense housing program, and it should mean just what it says and nothing else, and we should protect the poor man, the man who is working in one of these plants on defense production, so that he may have an opportunity to buy a home and pay for it. This law should mean that he can buy a home by paying \$50 down and \$20 a month; but unless we write into the bill what Congress intends for the Federal Housing Administration to do under this act, or under the act as amended, they will just go off and build homes without getting any assurance from the contractor that such houses are going to be occupied by defense workers.

This is the reason I am asking you to support this amendment, because then we will definitely instruct the Federal Housing Administration to see to it that no contractor is permitted to build houses that are not sold to defense workers, and that is all this amendment means.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. I yield.

Mr. THOMAS F. FORD. Suppose a defense worker becomes not a defense worker in a week from now, and goes out, then you will have to find another defense worker to take that property?

Mr. KRAMER. No, not necessarily.

Mr. THOMAS F. FORD. Then your insurance provision becomes invalid.

Mr. KRAMER. I want to say to my dear friend that this is simply to take care of the man whose income is in the lower brackets, running from \$80 to \$120 a month. He cannot buy a home today under present law, and if a man buys a home and after that changes his mind or loses his job, he still has a right to maintain that home, even though he does not continue on defense work; but in the first instance, he would have to be a defense worker.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. KRAMER. Yes.

Mr. MICHENER. The gentleman has referred to the low bracket defense worker receiving \$85 to \$100 per month. Does not the gentleman know that the facts show that the defense worker today in every single defense industry is the highest paid worker in the community where the project is being carried on.

Mr. KRAMER. That might be so in the State of Michigan, but it is not in the State of California. I hope they will be as high in California as they are in Michigan.

Mr. MICHENER. We have been hearing a lot about that on this Lanham bill.

Mr. KRAMER. I am not familiar with that.

Mr. MICHENER. Will the gentleman point out a single instance in California where the defense worker engaged in a defense industry is not receiving a wage much higher than the going wage in most communities?

Mr. KRAMER. That may be true, but this amendment protects the man who is in defense production. The bill is for a defense housing program. If that is so let us confine it so that the Federal Housing Administration will be compelled under the direction of what Congress meant them to do and that is to administer the act for the defense-housing program only.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. THOMAS F. FORD. Mr. Chairman, I rise in opposition to the amendment. The amendment proposed by my distinguished colleague the gentleman from California [Mr. KRAMER] was supported in the committee by only one witness, from California. If that amendment were put in the bill, this is what the result would be: A man could go up and buy a piece of land next to the Vultee plant, or the Douglas plant, or the Winthrop plant, or any of a dozen others, and by reason of the fact that he was selling this property to defense workers, he could force the F. H. A. to insure the mortgages on those houses, and if the workers stayed there for a month or 2 months and moved out and sold, and the man that took over was not a defense worker, I do not see how, under the law, he could become an occupant of that house.

Mr. KRAMER. I will tell the gentleman how. In the old act, when we changed title II we wrote into it a regulation that there could be no second mortgage taken, and no builder would violate that law. We can do just as we did before.

Mr. THOMAS F. FORD. It is merely an attempt on the part of a little group of jerry builders to horn in on the F. H. A. and force the F. H. A. to insure mortgages that they would not touch today with a 10-foot pole.

Mr. KRAMER. Is the gentleman himself against the poor man buying a house?

Mr. THOMAS F. FORD. No; I am not against the poor man buying a house.

Mr. GIFFORD. If this amendment should pass, the butcher, the baker, and the candlestick maker, who serve these people, could not buy a home there?

Mr. THOMAS F. FORD. No.

Mr. STEAGALL. Mr. Chairman, if this amendment should be adopted, it would convert the Federal Housing Authority from an insurance institution into the business of home management and would necessitate the employment of additional personnel. It would result in confusion which would defeat the purpose of the bill.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Miss SUMNER of Illinois. The gentleman knows that I am interested in procuring some kind of an amendment like this and asked questions directly from page 87 to page 97. On page 88 the Administrator said that with an amendment of this kind:

You are just going to kill the whole program if you try to clutter it up with things of that sort.

On page 90 he also said:

I do not see how, with such controls, the bill could be effective. We have thought this matter over, oh, for months.

Mr. STEAGALL. That is entirely true. If it could be done, it would involve considerable additional cost in operation of this kind of insurance, but it cannot be done. It is not practical.

The CHAIRMAN. The Chair desires to know if it is intended that these two amendments shall be considered at one time?

Mr. STEAGALL. That is agreeable to me.

The CHAIRMAN. The question is on the amendments offered by the gentleman from California [Mr. KRAMER].

The question was taken; and the amendments were rejected.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COLMER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 3575, and pursuant to House Resolution 114, he reported the same back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in Committee of the Whole today and to include certain excerpts and a table.

The SPEAKER. Is there objection?

There was no objection.

MARKETING QUOTAS—PEANUTS

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 115.

The Clerk read the resolution, as follows:

House Resolution 115

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 3546, a bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Irrigation and Reclamation, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

CALL OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is no quorum present.

Mr. SMITH of Virginia. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 20]

Anderson, N. Mex.	Domengeaux	Norton
Bishop	Douglas	O'Day
Boiles	Engel	Osmers
Bryson	Fitzgerald	Robinson, Utah
Buck	Gerlach	Romjue
Burch	Gibson	Sacks
Byrne	Green	Sasser
Camp	Haines	Scanlon
Capozzoli	Hendricks	Schaefer, Ill.
Casey, Mass.	Hess	Schwert
Celler	Hoffman	Scott
Chenoweth	Kinzer	Scrugham
Clark	Jarrett	Shafer, Mich.
Clason	Jenks, N. H.	Shannon
Cluett	Johnson, Ind.	Sheppard
Coffee, Wash.	Jonkman	Sheridan
Cole, Md.	Kelly, Ill.	Short
Cole, N. Y.	Kinzer	Simpson
Collins	Landis	Smith, Wash.
Crowther	McArdle	Somers, N. Y.
Darden, Va.	McGranery	Stearns, N. H.
Disney	McLaughlin	Sweeney
Ditter	Mundt	Taylor
	Myers, Pa.	Thom

Thomas, N. J.	Wadsworth	West
Tinkham	Ward	Whelchel
Traynor	Weaver	White
Vinson, Ga.	Weiss	Wright

The SPEAKER. Three hundred and forty-seven Members have answered to their names. A quorum is present.

On motion by Mr. SMITH of Virginia, further proceedings, under the call, were dispensed with.

MARKETING QUOTAS—PEANUTS

Mr. SMITH of Virginia. Mr. Speaker, through a clerical error in line 11 of the resolution it is stated that the time shall be controlled by the Committee on Irrigation and Reclamation. That should be the Committee on Agriculture. I ask unanimous consent that the resolution may be amended in line 11 by striking out the words "Irrigation and Reclamation" and inserting the word "Agriculture."

Mr. MICHENER. Reserving the right to object, Mr. Speaker, do not peanuts need irrigating? Was that not the purpose? [Laughter.]

Mr. SMITH of Virginia. I think the Committee on Agriculture can take care of that.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I believe it is agreed by both sides that there need be no debate on the matter of the rule. No one objects to the rule. However, some Members desire that there may be two hours of general debate on the bill itself. I therefore ask unanimous consent to amend the resolution by striking out the words "one hour" in line 9 and inserting in lieu thereof the words "two hours."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. CRAWFORD. Reserving the right to object, Mr. Speaker, I wish to ask the gentleman if I am to understand by that that there will be 1 hour on the rule and 2 hours on the bill?

Mr. SMITH of Virginia. No, no; there will be no time on the rule. I intend to move the previous question now.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. FULMER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 3546, with Mr. MILLS of Arkansas in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. FULMER. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I only wish to make a very brief statement. I want to say to you gentlemen that this is one bill coming from the Committee on Agriculture where we did not have any objection to the bill on the part of any member. That applies to both the majority and the minority. It appears that all members interested in the peanut industry sometime ago got together and worked out this bill, so as to have a bill that would be fair not only to the farmers but to the peanut-candy industry, and those who are interested in buying and selling oil; and it is simply a matter of passing this bill which they think would very much help that splendid industry, which is now in very bad condition in a number of States because of the need of this legislation.

My colleague the gentleman from Georgia [Mr. PACE] and others who have quite a lot of peanut acreage in their States will be able to give you full and complete information about the bill.

I have not heard of anyone really opposing the bill, and I want to say on behalf of the passage of this bill that I would like to have you give your favorable consideration.

Mr. Chairman, I now yield 20 minutes to the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, in presenting a measure of this kind it is of course unfortunate that there is, generally speaking, a rather limited knowledge of the commodity and of the problem. This makes it doubly difficult to give one a clear understanding.

Peanuts are grown in substantial quantities in the States of Virginia, North Carolina, South Carolina, Tennessee, Georgia, Florida, Alabama, Louisiana, Mississippi, Arkansas, Texas, and Oklahoma. The peanut is a crop which is peculiar to a particular type of soil and climate, that is, the peanut must be grown in very light loam or sandy soil. It was suggested to me a moment ago that for the benefit of those who have never seen the peanut growing I should explain how it is grown.

The peanut seed is planted and the peanuts are formed under the ground on innumerable little stems. A peanut bush bears anywhere from 50 to several hundred peanuts on the total root system. The bush, of course, is above the ground. When the peanut has matured the leaves begin to turn brown or white and then one knows the nut is mature. A wide scrape is used in plowing under the peanuts in order to throw them out of the ground. They are permitted to lie on the ground as long as it does not rain. As soon as rain threatens the peanuts are piled in stacks where they remain from 4 to 8 weeks, during which time the little stems holding the nuts to the plant become very brittle. When they have reached that condition they are thrown into a picker, and through a shaking and pulling process the little stems are broken and the peanuts picked. They

are then loaded on wagons and taken to market.

The peanut is an important crop to many areas. We are faced with the situation that due to the fact that in the sections where peanuts are grown in part cotton also is grown. The farmers have felt the need of turning to some other crop.

There are two possible markets for the peanut. One is known as the edible trade. The edible trade for the most part is confined to the people who make peanut butter, peanut candy, and salted peanuts. This for the most part is the edible trade and is the only source of consumption, I may say, that offers the farmer anything like a cost of production price. We have no hope of getting a parity price for peanuts at this time. And, by the way, let me say here, to quiet the fears of anyone, that this bill does not provide that peanuts shall participate in any parity money. That is not provided in the bill.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman states that peanuts will not participate in parity payments.

Mr. PACE. That is right.

Mr. AUGUST H. ANDRESEN. Will the peanut crop participate in all the other benefits of the Agricultural Adjustment Act?

Mr. PACE. Peanuts is a soil-depleting crop, and the acreage is limited on that account. I think if the producer confines his planting to his limited acreage he would get a small benefit, which I believe is \$1.25 per ton, quite an insignificant amount; but if he plants over he loses \$30 per ton. The penalty, thus, is over 20 times the benefit.

Mr. AUGUST H. ANDRESEN. Will the farmer who complies with the program as to acreage be eligible for a loan? Is that provided in the bill?

Mr. PACE. Under the bill he would; yes.

Mr. AUGUST H. ANDRESEN. How much would that loan be?

Mr. PACE. As limited to the other commodities, it would run from 52 percent to 75 percent of parity.

Mr. AUGUST H. ANDRESEN. What is the price of peanuts per ton today?

Mr. PACE. The price today is approximately an average of \$65 a ton.

Mr. AUGUST H. ANDRESEN. And what is the parity price?

Mr. PACE. According to the last report of the Bureau of Agricultural Economics it was \$122 per ton.

Mr. AUGUST H. ANDRESEN. How much would the farmer be entitled to as a loan on his crop of peanuts?

Mr. PACE. It would be the same as the other basic commodity crops, from 52 to 75 percent of parity.

Mr. AUGUST H. ANDRESEN. Would that be about \$80 a ton?

Mr. PACE. Fifty-two percent of 122 would be about \$63.

Mr. AUGUST H. ANDRESEN. And what did the gentleman say was the market price?

Mr. PACE. They are selling for about \$65.

Mr. AUGUST H. ANDRESEN. Then the loan would approximate the market price.

Mr. PACE. A 52-percent loan would be less than the present price. May I say to the gentleman that the evidence at the hearings shows it costs between 2½ and 3 cents per pound, between \$50 and \$60 per ton, to produce and harvest peanuts.

Mr. AUGUST H. ANDRESEN. Can the gentleman tell us what the production per acre is in bushels?

Mr. PACE. As I understand, the State of Texas is the only place where peanuts are estimated in bushels. In all the other areas they are estimated in tons.

Mr. SUMNERS of Texas. That is what I should like to know, the figures per bushel instead of figures per ton.

Mr. PACE. I am sorry I cannot reduce pounds to bushels in this instance. I am sure someone here can give the gentleman that information. For the 5-year period from 1933 to 1937 production in the southwestern area was 466 pounds per acre. In the southeastern area the production was 675 pounds per acre, and in what is known as the Virginia area—Virginia, North Carolina, and Tennessee—the production was 1,084 pounds per acre. Virginia and North Carolina produced per acre almost twice as much as we do.

Mr. BENNETT. Will the gentleman yield?

Mr. PACE. I yield to the gentleman from Missouri.

Mr. BENNETT. I notice that subsection (f), page 10, provides;

There is hereby authorized to be appropriated each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this section and for the expenses of administering this subsection.

Does the gentleman have any figures, or can he enlighten us as to what the cost of administering this will be?

Mr. PACE. That is covered in the report. May I say to the gentleman there should not be any appreciable increase in the cost for the reason we now have the Agricultural Adjustment Act machinery set up to make allotments for all the basic crops. Also, under the Soil Conservation and Domestic Allotment Act, acreage allotments have been made for peanuts for the last 7 years. So that machinery is already set up.

Mr. BENNETT. This calls for no additional administrative machinery?

Mr. PACE. I will get to that. There should not be any significant increase at all for making the acreage allotments or establishing the quotas. I cannot give you the figures, but there will probably be a little cost in connection with the enforcement of the act. I may say the amount compared with the other commodities is insignificant.

Mr. BENNETT. The gentleman does not have the figures?

Mr. PACE. I do not have the figures, but it should not be an appreciable amount.

Mr. TERRY. Will the gentleman yield?

Mr. PACE. I yield to the gentleman from Arkansas.

Mr. TERRY. In my State we have been going into peanut production for the last several years. I am wondering whether the gentleman's bill freezes the peanut acreage as it exists now?

Mr. PACE. It does not.

Mr. TERRY. The gentleman is taking care of these newer States that are going into the peanut industry?

Mr. PACE. I will explain that. The bill provides in that respect, the gentleman from Arkansas will observe, very much the same as with cotton, that after a new producer has produced peanuts for 3 years he earns a base. Now, get this straight. The total acreage allotment to new producers shall not exceed 2 percent of the total national-acreage allotment.

Mr. GILCHRIST. Will the gentleman yield?

Mr. PACE. I yield to the gentleman from Iowa.

Mr. GILCHRIST. The first line at the top of page 11 contains the word "subsection."

Mr. PACE. I thank the gentleman for that. I caught that, too, and, of course, that will have to be corrected by amendment.

Mr. GILCHRIST. It should be "section"?

Mr. PACE. It should be "part."

I last stated that the edible trade is the only market that now promises the farmer cost of production for his commodity. The only other source for the use of peanuts is for crushing into oil. Of course, the price of all fats and oils enters into the picture to establish the price of vegetable oil. I do not believe that at this time it would be profitable to produce peanuts for oil because the price would be around \$25 or \$30 per ton. Consequently, the only market that the peanut producer can look to with much hope at the present time is the edible trade.

I want to give you the details of this bill just as rapidly as I can. The bill provides that at a certain time each year, between July 1 and December 1, the Secretary shall establish marketing quotas, and that this national marketing quota shall be equal to the average quantity of peanuts harvested for nuts during the 5 years immediately preceding the year in which the quota is proclaimed.

That is, the last 5-year average is taken and upon that basis they fix a national marketing quota, which is then converted into an acreage allotment. The conversion is made by dividing such quota by the normal yield per acre on the basis of the average yield per acre in the 5 preceding years. Then the bill provides that this national acreage shall be divided among the States on the basis of their past history.

May I say that the producers themselves in session in Washington, without any solicitation or help from me, or any other Member of Congress, got together and wrote the language in the bill providing for the division among the several States. So that provision is perfectly satisfactory to all peanut producers and there is no complaint about it from anyone as to how much Virginia will get, as to how much North Carolina will get,

as to how much Texas will get, or Georgia or the other States will get.

The bill then provides that there shall be a referendum among the farmers, as with the other commodities, as to whether or not the marketing quotas will be in effect. If they vote a marketing quota, the bill provides that it shall remain in effect for 3 years, and this is the same as we amended the law during the last session of Congress.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. PACE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Does the gentleman anticipate that marketing quotas will be effective for the 1941 crop?

Mr. PACE. Yes. The bill provides that within 30 days after the passage of this act the Secretary shall submit the question of marketing quotas to the farmers. The bill provides that for this year the national peanut acreage allotment shall be 1,610,000 acres, which is an arbitrary figure. This was agreed upon by the producers and the Department for the reason that they are now planting peanuts in southern Texas and, of course, that planting will progressively move northward. It was therefore necessary that the producers of Texas and other far Southern States know what their allotment would be. Therefore, we have written into this bill that the allotment for 1941 shall be 1,610,000 acres. Those allotments have been made under the Soil Conservation and Domestic Allotment Act. The bill provides that, when it goes into effect those allotments automatically are confirmed under this act.

Mr. PACE. I yield to the gentleman from Louisiana.

Mr. MILLS of Louisiana. Suppose a State is allotted so many acres, is there anything in this bill to preclude a farmer from raising an acre or two of peanuts to feed his mules or stock, or for his own consumption?

Mr. PACE. No; not at all. This is only the marketing acreage.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Last year the State of Texas had 295,000 acres in peanuts. The gentleman stated they are already planting peanuts in Texas.

Mr. PACE. That is right.

Mr. AUGUST H. ANDRESEN. Does the gentleman know what the acreage for Texas will be out of this 1,610,000 for this year?

Mr. PACE. Yes.

Mr. AUGUST H. ANDRESEN. Can the gentleman give us that information?

Mr. PACE. Out of the 1,610,000 the allotment for the State of Texas will be 244,660 acres; in fact, it has already been allotted to the farmers.

Mr. AUGUST H. ANDRESEN. Will all farmers be permitted to vote in the referendum, or just the farmers who have been engaged in peanut production for the last 3 years?

Mr. PACE. The section provides that the referendum shall be determined by the farmers engaged in the production

of peanuts in the year in which the referendum is held.

Mr. AUGUST H. ANDRESEN. Just the peanut producers.

Mr. PACE. That is right.

Mr. AUGUST H. ANDRESEN. But not any farmer in the States where peanuts have been produced?

Mr. PACE. I would say that to participate in the 1941 referendum you would have had to have planted peanuts in 1940, that is, to qualify, because they do not know who else would be qualified. They have a record of who produced in 1940, and everyone who produced peanuts in 1940 would be qualified, as I recall the language, to participate in the 1941 referendum. The bill provides that the referendum for this year will be conducted under regulations as though such referendum had been held in 1940.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Would they have to pay a poll tax before they could vote?

Mr. PACE. No; they would not.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Texas.

Mr. BECKWORTH. I understood the gentleman to say a while ago that new producers cannot produce more than 2 percent of the amount of peanuts that were produced.

Mr. PACE. No; I say that after new producers have established an acreage the total allotment to new producers cannot exceed 2 percent of the total national production. This is identical with the cotton language.

Mr. BECKWORTH. How are they going to determine, where new producers are coming in—say there are a good many in one State and a good many in another State—which State will receive a given number of producers? In other words, which producers are they going to cut out, and on what basis?

Mr. PACE. There will not be any cut-out. They will all be given a small acreage.

Mr. BECKWORTH. What determines the allocation of the amount that can be produced by new producers?

Mr. PACE. If any new producer establishes a base within 3 years, then he gets an acreage allotment. Then the Department will simply figure out how many new producers there are, and what is the total new acreage, and give a percentage of it, and your State will get the same percentage, in keeping with the amount of new production that you put in.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield further?

Mr. PACE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Is it correct that a new producer will not be permitted to market his peanuts until after he has been in the program and produced peanuts for 3 years?

Mr. PACE. That is true, except he may market them through the Government for sale for crushing into oil.

Mr. AUGUST H. ANDRESEN. What does the gentleman anticipate the new producers will do with their peanuts?

Mr. PACE. I do not know that we are going to have so many. Of course, under the bill any man who inadvertently or by intention exceeds his acreage must harvest the excess peanuts through an agency set up by the Department, and those peanuts must be diverted either to oil or, if there is a shortage in the edible trade, turned into the edible trade in order to protect the consumer.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from New York.

Mr. WILLIAM T. PHEIFFER. Did I correctly understand the gentleman to say a while ago that the chances are that the peanut oil industry would not be very active, that the edible trade would probably be the main item in the peanut industry?

Mr. PACE. Let me repeat that at the present time the edible trade is the only market that offers the farmer a return commensurate with the cost of production. At this time the oil market does not offer the farmer cost of production for producing peanuts.

Mr. WILLIAM T. PHEIFFER. That makes it clear. May I ask the gentleman further, is it not true that the average peanut grower is also a cotton grower, a wheat grower, or a corn grower, and, therefore, we might have a situation where one farmer would be voting on various crops and be included in quotas and Government benefits from more than one crop?

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 additional minutes to the gentleman from Georgia.

Mr. PACE. Yes; I believe it is possible. I do not know of an area where rice, cotton, corn, wheat, tobacco, and peanuts are all grown, but such a thing would be possible.

Mr. WILLIAM T. PHEIFFER. Is it not true that there are very few farmers who specialize only in the growing of peanuts?

Mr. PACE. I do not know of any.

Mr. WILLIAM T. PHEIFFER. Then, as a matter of fact, this would redound in the main to the benefit of those producers of other crops who would perhaps be receiving benefits for their other crops.

Mr. PACE. No; I would not say that. All I can say is simply this, that the production of peanuts has now grown to where it is twice the amount of the edible trade. Unhappily, the edible trade is almost at a standstill. The growers, the shellers, the millers, and the manufacturers are all trying to find new uses for peanuts so there will be an increased use of peanuts, but that, as you know, is a slow process. The edible trade uses year in and year out 400,000 to 450,000 tons of peanuts. Our production last year was in excess of 806,000 tons, so we are simply producing twice as much as the edible trade can consume. The farmers themselves realize it is going to be demoralizing and they have themselves, I may say, practically

unanimously come to the Congress and presented this bill. It is their bill. They wrote it. They ask for the privilege of trying to govern their own affairs, and that is really what this bill does.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. PACE. Certainly.

Mr. DIES. Would this measure in any manner prevent a farmer from raising all the peanuts he wanted to for his own domestic use, for his stock, and his hogs?

Mr. PACE. No.

Mr. DIES. The gentleman is sure of that?

Mr. PACE. Not in the slightest degree. This bill covers only peanuts which are picked and threshed.

Mr. DIES. In other words, the Government cannot limit the amount of peanuts a farmer raises if he does not intend to market those peanuts?

Mr. PACE. Let me say this, that he might run into the Soil Conservation and Domestic Allotment Act, but this act has nothing to do with changing the situation in that respect.

Mr. DIES. I am not speaking about the situation as it now exists.

Mr. PACE. This will not change the law as it now exists in that respect.

Mr. DIES. I think that is a very material point, because many farmers, at least in my section, raise peanuts for their own domestic use and if the Government can come in and issue quotas and limit production for domestic use, it would be very harmful.

Mr. PACE. It does not deal with that question in the slightest. The only possible restriction would be another law, which this bill does not attempt to touch. If you exceeded your total acreage on your farm, then you would be penalized under the Soil Conservation and Domestic Allotment Act.

Mr. DIES. I understand that.

Mr. AUGUST H. ANDRESEN. It is understood, then, that the planting must be within the Soil Conservation Act?

Mr. PACE. Yes; or else be subject to the regulations and penalties provided by that act.

Mr. DIES. That is the present law. What I am inquiring about is whether this will change the situation.

Mr. PACE. Not in the slightest. But, as I understand, the quotas will include seed peanuts, as they are now included under the soil-conservation allotments.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Texas.

Mr. BECKWORTH. Where a farmer has not been producing peanuts to sell and he decides he wants to grow 5 acres of peanuts to sell each year, how will this affect him exactly the first 3 years?

Mr. PACE. If he has been planting peanuts for the last 3 years, he will get an allotment under this bill.

Mr. BECKWORTH. But where he has not been selling any peanuts at all, but decides he wants to plant 5 acres to sell, how will it affect him for the first 3 years?

Mr. PACE. He will have to get an allotment after the third year.

Mr. BECKWORTH. He cannot sell the peanuts he produces in the first year or the second year or the third year?

Mr. PACE. Not at all, except for crushing for oil.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SANDERS. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. SANDERS. I am very much in sympathy with the purpose of the act; and I notice on page 3, as the gentleman has just read, you have a national acreage allotment of 1,610,000 acres.

Mr. PACE. Yes.

Mr. SANDERS. That, as I understand it, is the total acreage allotted for the edible trade?

Mr. PACE. Yes.

Mr. SANDERS. In my State quite a few of the farmers have been talking and working with the Extension Service with a view of going into the peanut trade. What does the gentleman contemplate under this act would be the situation with regard to a State that now has a very small allotment? What provision is made for further extensions of the allotment, or, in other words, do you freeze that acreage as it now is?

Mr. PACE. No; they would come under the new-producer provision. They would be new producers, and if they expanded their acreage they would have to plant peanuts 3 years and then get an allotment under the new-producer provision.

Mr. SANDERS. Would that allotment have to be taken out of this particular acreage?

Mr. PACE. Yes.

Mr. SANDERS. Then would not that acreage have to be taken from some other State?

Mr. PACE. Unless the edible trade could use more peanuts and the national acreage was increased, it would have to come from some other State.

Mr. SANDERS. And the State that is not now producing very much, how would it increase its acreage?

Mr. PACE. As a new producer it would establish bases and participate in a higher percentage in the national allotment. But no State can be reduced under 95 percent of its 1941 acreage allotment.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from North Carolina.

Mr. COOLEY. In connection with the question asked by the gentleman from Texas, is it not a fact that this bill provides that each farm is permitted to grow and to market 1 acre of peanuts?

Mr. PACE. Of course, that is in the bill.

Mr. COOLEY. But the gentleman did not make that very clear.

Mr. PACE. Anybody can produce one acre of peanuts.

Mr. COOLEY. And in addition to that, they can grow any amount of peanuts for oil purposes.

Mr. PACE. If they found it profitable, at the price of oil and under regulations of the Soil Conservation Act.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Oregon.

Mr. MOTT. Would the gentleman have any objection to an amendment to this bill which would include some other nuts besides peanuts, say, walnuts, filberts or nuts of that kind?

Mr. PACE. If the gentleman has a similar problem I would be glad to join with him in working out his problem, but my experience has been in working with this bill that every commodity has a few peculiar characteristics where it is almost impossible to join two in a bill. And may I say that we have been working on this bill for a year. We have been having conferences of growers and we have been finding faults here and there and we have been trying the best we can to work out something that would protect the consumer of peanuts, in whom we are interested, because we want him to eat our peanuts and to eat more peanuts, and we want a fair price so he will do that. We have to work it out from the standpoint of the producer also, so he can make a fair living from his farming operations. We have had to work it out in cooperation with other programs in the Department and I really do not believe it would be possible, simply by an amendment now, to throw in another commodity unless you have studied the particular conditions surrounding that particular market.

Mr. MOTT. I do not know that the nut growers of my State would even want to come into the matter at all, but I am just wondering if the gentleman would care to consider an amendment which would include other nuts.

Mr. PACE. I would not object to it, if you need the help, if you have what we call a balanced program. I understand that most of your nuts are sold under a marketing agreement.

Mr. MOTT. Yes; but, of course, they are voluntary agreements.

Mr. PACE. They are not voluntary after they have been entered into.

Mr. MOTT. As a matter of fact, after one of these voluntary agreements was made a few years ago, a walnut grower in Oregon who voted not to come in, who said he would not have anything to do with it, shipped several carloads to the State of Washington. He was then threatened with action for damages by the Agricultural Department, and he told the Department to go ahead and try it. Of course, they did not, because they never could convict on that, and if they did, the conviction would not stand.

Mr. AUGUST H. ANDRESEN. Can the gentleman tell us just why the marketing agreements have not worked out for peanuts? Have they tried it?

Mr. PACE. No; it has not been tried. Peanuts are not included in the Marketing Agreement Act.

Mr. AUGUST H. ANDRESEN. They could come in with any other farm commodities. All farm commodities except basic commodities are entitled to come in under marketing agreements.

Mr. PACE. I will not argue with the gentleman on that question at this time.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. PACE. Yes.

Mr. CRAWFORD. There are one or two things in the bill that ought to be cleared up. Take section 358. Subsection C, on page 6, provides:

Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year.

Mr. PACE. Yes; we talked about that just now.

Mr. CRAWFORD. If I understand it correctly, let us say that in 1941, I, as a grower, am allotted 100 acres, and I grow 150 acres. I can deliver that whole 150 acres, or even if I grow 300 acres I can deliver the full 300 acres production and have my protection, but that grown on the excess acreage, of say an extra 200 acres, goes into the diversion market.

Mr. PACE. Yes.

Mr. CRAWFORD. Then I want to ask this question. If the present method of the Treasury financing the diversion peanuts is continued, then I, as a grower, continue to receive all my benefits, do I not?

Mr. PACE. One of the reasons the bill is here is that the Secretary of Agriculture frankly stated that unless the producers could limit their production he could not promise any more diversion programs. Under this bill, if the acreage is held down to the needs of the edible trade, there will not be any diversion.

Mr. CRAWFORD. If I have the permission to grow the extra 200 acres, I can throw that into the diversion channels and continue to receive my subsidy of \$30 or \$32 per ton?

Mr. PACE. Oh, no; the gentleman would not. He would receive only the oil price for the peanuts grown on the extra 200 acres.

Mr. CRAWFORD. My question is this: What is there in this bill to prevent the Secretary of Agriculture paying the subsidy through these announced prices and my receiving my share of the subsidy?

Mr. PACE. Has the gentleman the announcement of the program for 1940?

Mr. CRAWFORD. No; I would not have a copy of that.

Mr. PACE. I have it here, and I want to read the last paragraph. This is the announcement and this is the reason this bill is here:

In accordance with previous announcements, a conference with peanut growers will be held soon to consider the coordination of acreage allotments with the diversion program before either program is undertaken for the 1941 crop, in view of the fact that it is necessary to find means for reducing the expanding peanut acreage before the 1941 crop is planted.

Mr. CRAWFORD. That is quoted from the report?

Mr. PACE. Yes; from the announcement.

Mr. CRAWFORD. During the last several years, I believe beginning with 1934, the Secretary has been carrying on this subsidized program—we will call the diversion program.

Mr. PACE. Not peculiar to peanuts, however.

Mr. CRAWFORD. But we are talking about peanuts now.

Mr. PACE. Yes.

Mr. CRAWFORD. It has run along until it has reached the point where the subsidy this year will probably reach as much as \$12,000,000 or more.

Mr. PACE. I hope not.

Mr. CRAWFORD. The crop is so completely not marketed at the present time that we may reach \$15,000,000 subsidy. We hope not. I hope it does not go to \$2,000,000.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman from Georgia 5 additional minutes.

Mr. CRAWFORD. But it looks something like in excess of \$12,000,000 at this time.

Mr. PACE. I do not think it will be that much, for this reason: The cooperatives have peanuts that the trade will need. I anticipate that at least half of their holdings will be taken over by the trade. I do not want to debate that. However, I think that figure is too high. I do not think we can support it in the future. That is why we are here today, to eliminate at least some of that expense.

Mr. CRAWFORD. Suppose it is \$2,000,000 or \$10,000,000, or whatever it may be, what is there in this bill to force the Secretary to discontinue this subsidy?

Mr. PACE. There is nothing to force him to do it.

Mr. CRAWFORD. That is the point I am getting at. As a grower, I grow my 200 acres excess, which goes to the diversion trade.

Mr. PACE. This bill controls that, all right. It says you must market that extra 200 acres through the agency designated by the Secretary and that it must move in the oil trade, and that you shall receive for the peanuts grown on that 200 acres the market price of oil on the date of delivery.

Mr. CRAWFORD. Exactly. Now, the Secretary comes along and announces the diversion program, guarantee the price and instructs the program. What is there in this bill that cancels this subsidized diversion program?

Mr. PACE. As to that excess acreage?

Mr. CRAWFORD. Yes.

Mr. PACE. He must do either one of two things. He must pay a penalty of 3 cents a pound or \$60 a ton, or, as provided in line 16, page 8, the only way he can be relieved of the penalty of \$60 a ton, which is nearly a 100-percent penalty at present prices—

Mr. CRAWFORD. Approximately that.

Mr. PACE. Approximately that. The only way he can be relieved of that penalty is that the excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary.

Mr. CRAWFORD. Now, suppose the Secretary sets up the agreement in such

a way that these subsidies continue, has the Secretary of Agriculture committed himself to the cold-blooded proposition that this diversion-subsidy program shall no longer operate?

Mr. PACE. For the excess acreage?

Mr. CRAWFORD. No, sir; this peanut surplus removal program announced by the Secretary of Agriculture.

Mr. PACE. I say, for the excess acreage?

Mr. CRAWFORD. For the excess acreage.

Mr. PACE. Yes, sir.

Mr. CRAWFORD. What form is that commitment in?

Mr. PACE. It is in this bill, which says that these peanuts must move in the open market at the oil price. There is not any doubt about that.

Mr. CRAWFORD. The acreage for 1941 has been set, has it not?

Mr. PACE. Yes; 1,610,000, and the allotments have been made to the farmers and the peanuts are going into the ground in Texas.

Mr. CRAWFORD. On the basis of 1,610,000 acres, what do you estimate the production of peanuts will likely be?

Mr. PACE. I estimate the production of peanuts on 1,610,000 acres would be between 550,000 and 575,000 tons, of which about 100,000 tons will stay on the farms; that the production will be approximately the edible trade requirement.

Mr. CRAWFORD. Your report shows on page 3 that in 1936 your acreage harvested was 1,606,000 acres; picked and threshed, 626,545 tons.

Mr. PACE. Yes. Let us see how much stayed on the farm.

Mr. CRAWFORD. Which certainly left so much on the farm.

Mr. PACE. Well, here are the figures. What year is it?

Mr. CRAWFORD. 1936.

Mr. PACE. Used on the farm for 1936, 77,000 tons; of that used, for seed, 42,000; feed and loss, 12,000; consumed in the household, 21,000, or a total of 77,061 tons.

Mr. CRAWFORD. Let us make it 76,000 tons for easy figuring. That would leave 550,000 tons for the consuming trade, with no diversion included.

Mr. PACE. Yes.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CRAWFORD. Seventy-six thousand tons from 626,000 would leave 550,000. On the basis of 1936, there were 445,000 tons, which you show in your table, which would leave a difference of 105,000 tons of peanuts which apparently would have to be diverted.

Mr. PACE. This is the 1936 crop?

Mr. CRAWFORD. Yes.

Mr. PACE. The gentleman has picked a rather bad year, for in 1936 there was no diversion program. Let me say that this shows, I believe, the illogic of the gentleman's position, because in 1936 the price of peanuts was so high they did not need a diversion program.

Mr. CRAWFORD. I am not taking any position whatsoever, I am taking the gentleman's report, which is all we have to go upon.

Mr. PACE. All right, give me another year.

Mr. CRAWFORD. The gentleman attempts to read into the figures something that does not exist.

Mr. PACE. Take another year. There was no diversion program in 1936.

Mr. CRAWFORD. Let us take 1940, for instance. In 1940, based on 1,610,000 acres, you would have considerably more tonnage, would you not?

Mr. PACE. 1940 was the first time—

Mr. CRAWFORD. Take 1936, or any year the gentleman wants to.

Mr. PACE. 1940 is the first time in peanut history when every area had a good crop.

Mr. CRAWFORD. All right. The gentleman said that in 1936 there was a bad year.

Mr. PACE. No. I said there was no diversion program in 1936.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, my interest in this bill today is to help the House, specifically my side of the House and my side of the country, which is the so-called Northern States, better to understand this valuable basic crop grown in the Southern States. Here on the table I have a display of the different kinds of peanuts from different sections of the country, different grades of peanuts, what I would call skimmings, the Spanish peanut, the Virginia runner, the high-grade Virginia No. 1, the splits, the hulls, and even the Philippine peanuts. Here in this bottle is a sample product imported from the Philippines in competition with what is grown in the Southern States. I want to be correct, and I hope the gentleman from Georgia will correct me if I am in error on these items, because what I want to do is to get at the facts; I am not interested in the political approach, all I am interested in is the economic phase of the problem.

I consider this a potential \$50,000,000 industry; and, personally, I do not sneeze at such an industry in this day and age. It is worth taking care of.

As I understand, peanuts are, in the first place, protected by a duty of \$7 per hundred. Is that correct?

Mr. PACE. The only peanut as a nut that we have coming into this country is from the Philippines, and it is duty-free; and, unhappily, the Philippines raise two crops a year where we raise only one.

Mr. CRAWFORD. Just let me get back to my question. What is the duty on peanuts today?

Mr. PACE. Four cents a pound.

Mr. KERR. Is that shelled or unshelled? My recollection is that on shelled peanuts it is 7 cents a pound, on the unshelled nuts 4 cents.

Mr. PACE. Seven cents on the shelled nuts; yes.

Mr. CRAWFORD. They could not get cargo space for unshelled in the first place, and could not afford to pay the freight rate in the second place. So you have a duty of \$7 per hundred pounds protection on this crop. It is not my purpose to inject politics into this, but

this seems to me to be impressive protection. It exceeds the protection we have on cash crops we produce in the Northern States and is of benefit to the area in which peanuts are produced; and remember that we, the Republicans of this House, support the \$7 duty on shelled peanuts coming into the United States.

Now let us go to the Philippines.

Mr. PACE. We do not get any protection from the Philippines.

Mr. CRAWFORD. Philippine peanuts come in here duty-free. This tonnage is increasing, is it not?

Mr. PACE. Yes.

Mr. CRAWFORD. We will soon have somebody asking for protection against the free importation of shelled peanuts from the Philippine Islands. As a matter of fact, I think the peanut industry of the South ought to have that protection, and I should like to go along with my Democratic friends in obtaining such protection instead of passing a bill of this kind, for instance.

Why do peanuts not come in here from other parts of the world? In the first place, where are they grown? One other part of the world where peanuts are grown in appreciable quantities is China. Do the Chinese receive such a price for their peanuts as you do in this country? They do not. At about the time war was declared, Chinese peanuts were selling in England at about 50 percent of the price being paid in the United States. Since the war developed the way it has and bottoms became as they are, I do not know what the situation is, and that information would not be very reliable, anyway. I therefore am not presenting it here. I have a lot of English reports here, but I do not want to mislead, because the situation is entirely abnormal. But in the absence of a duty, certainly Chinese peanuts would come into this country. Certainly I consider that the \$7 is effectively protecting the United States market on the consumption of peanuts both on the direct trade and the diversion trade. The whole thing moves in the interest of the southern farmer, other than this product from the Philippine Islands, which, I think, should also be put under the rope in one form or another.

Now, let us take the committee report and refer to page 3. Go back and note what has happened during the last few years, while this subsidy of around \$25 to \$32 a ton has been operating, in addition to the great production. You find there the acreage in 1933 was 1,217,000, and in 1940 the acreage was 1,905,000. In the absence of an acreage-control program for 1941 my observation indicates to me that you would have had at least 2,200,000 acres, provided the growers had been convinced that the Secretary's diversion program with its subsidy was to be continued on the 1941 crop.

Mr. PACE. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. PACE. The gentleman spoke of a subsidy of \$25 to \$30. I know the gentleman wants to be correct. In 1939 the entire program cost only \$699,000. You cannot figure a \$25 subsidy.

Mr. CRAWFORD. Let us take it this way; let us be fair about this thing, and that is the only way I want to be. Here is the kind of an announcement the Secretary sends out with reference to the diversion program. Suppose Virginia, United States No. 1, class A, is \$70 per ton. What is the diversion value? Perhaps we will say \$30 a ton for illustration. You have there a difference of \$40 a ton. If your diversion is \$40 a ton, you have a subsidy of \$30 a ton. The only way you can go at it is to take the actual tonnage diverted and divide that into the subsidy that was paid. You then get the right figure.

Mr. PACE. I think you would have to divide your subsidy on the whole program.

Mr. CRAWFORD. Oh, I do not think the gentleman is fair in that illustration.

Mr. PACE. If you divert 30,000 tons, it protects the price on 300,000 tons.

Mr. CRAWFORD. If you spend \$30,000,000 on 30,000 tons, it applies to the 30,000 tons; that is all there is to it. What is the cost of the diversion program? Last year the cost of your diversion program was way down. Why? Well, you had 589,000 tons picked and threshed of the 1939 crop. On the 1940 crop your report shows you had 885,818 tons. There is a considerable increase. When you get into the materially increased tonnage, the burden on the subsidy becomes greater, and therein is your danger of \$12,000,000 or more subsidy this year. As your acreage runs up, the prospective burden of the subsidy becomes greater; and this proposition has, in my opinion, grown to a point where the Department of Agriculture, the growers themselves, and their representatives, including the distinguished gentleman from Georgia, who spends so much of his valuable time on this crop and its problems, came to the conclusion that something had to be done to prevent the further expansion of acreage in the new areas, such as Texas, New Mexico, and California.

Mr. KERR. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from North Carolina.

Mr. KERR. Does not the gentleman think that a subsidy invested by the Government of \$3,000,000 which raises the price of peanuts from \$10,000,000 to \$50,000,000 is a good investment? Can he give any other crop or think of any other crop that by making such an investment on the part of the Government can raise the price to the farmer and the producer from \$10,000,000 to \$50,000,000?

Mr. CRAWFORD. If I could answer that question intelligently, I would not mind trying to answer it; but there are so many factors that enter into a question of that kind that I cannot at this moment answer it. There are many factors that enter into the price of a basic commodity that it is impossible to give accurate information in answering a question like that, yes or no. The question simply does not apply to the problem, as I see it.

Mr. PACE. If the gentleman would like to have it, I can give him the cost of the program. I have it.

Mr. CRAWFORD. Put it in the Record, please.

Mr. PACE. Up to this year at no time has the cost of the program been as much as the United States Government has received in duties from imported peanut oil.

Mr. CRAWFORD. That might be true, but here is another element in this picture. I think the information I have on the table here, which I have gathered in the last 18 months from the peanut-producing areas of this country, is sufficient to convince a student of the flow of commodities that the program which has been in operation is disastrously affecting the peanut industry.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CRAWFORD. Mr. Chairman, suppose the Secretary of Agriculture in the month of September of a year sends out a notice that he is going to set the price on peanuts, with a diversion program involved, which means to say that here is your total crop say of 600,000 tons and if it goes to the direct trade, diversion to the oil mills would be unnecessary. On tonnage diverted the Treasury will make up the difference between the market price and the oil-mill value. When that announcement goes out, are these gentlemen here willing to venture against the Government holding of stocks of peanuts and will they buy peanuts for conversion into candy products, into peanut butter, into crushed peanuts and other purposes? Of course, that man is afraid to bid against the situation. He does not know what the fiddling politician and the wiggling Congress are going to do with the stocks held by the Government. He is afraid to hold stocks and inventories against his Government's ownership. So what does he do? He reluctantly pulls away from the market. He is afraid to venture. He passes the months of September, October, November, and December. He is making a candy product, for instance, that might carry three-fourths of its weight in peanuts and one-fourth in glucose or sugar. It might be half and half, or it might be one-fourth nuts and three-fourths sugar, or vice versa.

So he, being afraid to enter the market, proceeds to manufacture his fall and winter stocks of goods, confections, we will say, and puts them on the market, or he substitutes pecans, for instance, and uses that nut product, and he goes along and eventually passes his peanut market. Then as he passes his market and as other manufacturer-consumers pass their market the burden becomes greater on the Treasury of the United States because of the diversion program.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I make the observation that this bill was not introduced for the purpose of helping the candy manufacturer but rather to help the farmer.

Mr. CRAWFORD. Yes; we can help the farmer, just as we have helped the cotton farmer, by piling up a 10,000,000-

or 12,000,000-bale surplus of cotton. In my opinion, the most destructive force on earth we can carry on is pulling goods out of the markets, passing our markets, and not keeping the product continually flowing to the consuming trade, because food products are primarily produced to be consumed. When we put them up on the shelf through this kind of tactics and say to the legitimate trade, the machinery of the trade, and to the consuming world, "You cannot have them, we are going to keep them up here in a beautiful warehouse and look at them and pay storage on them, and we are going to encourage other parts of the world to produce in competition with us," that is not in the interest of the farmer, it is not in the interest of the trade, and it is not in the interest of the general welfare of the United States or the Treasury or anybody else—yet that is what we have been doing.

Mr. COOLEY. Could not that criticism be just as well directed to any other part of the farm program enacted by this administration?

Mr. CRAWFORD. We are discussing peanuts here today, and I am not going into the other crops for the time being. Of course, it could be directed against the operations of this Government with reference to any basic crop.

Mr. COOLEY. Is it not the purpose of this bill to prevent the very thing the gentleman is talking about; that is, piling up stocks of peanuts?

Mr. CRAWFORD. That may be true; but I am trying to get general information before the House on peanuts, because I have been here 6 years and never until today have I heard a discussion of any consequence at all on this important crop. It is a valuable crop and I want it preserved.

Mr. COOLEY. Does the gentleman think the Government should go forward with this diversion program, which he has observed is becoming increasingly burdensome from the standpoint of finance?

Mr. CRAWFORD. I do not believe the diversion program should have been initiated in the first place, and certainly I do not think it should be continued.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 additional minutes to the gentleman from Michigan.

Mr. CRAWFORD. Some day perhaps we will learn to stand up here and talk with each other without accusing each other of having some ulterior motive and saying, "You do not have any interest in anybody." I have too much, too many friends, and too much of my personal funds invested in the agricultural business of this country not to have an interest in it. I have too many brothers and sisters and nephews and nieces and uncles and aunts living on the farms of the United States and tilling the soil, not to have an interest in it.

I spent the first 28 years of my life tilling the soil and performing stoop labor, and every chance I get I go back to the soil and improve my physical vigor by coming in contact with the dirt of the country.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. PACE. I was just hoping the gentleman would admit that certainly the peanut producer himself has a great interest in those inventories and in the marketing of his commodity, and, if possible, he wants those inventories moved, he wants those peanuts to be consumed. I honestly believe he wants to take any burden he can off the Federal Government.

Mr. CRAWFORD. Of course, the little producer wants to do that because he is basically sound. I do not care whether it is peanuts or some other crop, but we, the politicians, and the bureaus under our jurisdiction, have a way of teaching the little farmer to follow what we put up to him. With a lot of that I disagree, and I try to keep out of it myself. I am sure a lot of other people try to keep out of it, too.

I want to dare to say this, I just want to dare to stick out my neck in favor of the general units of this particular basic industry. In a basic industry like this you have others than the growers who are entitled to certain rights. The disposition of any bureau operating under the jurisdiction of the Congress is to attempt to eliminate the industry, to throw it out of gear and close it up, to discharge its employees and fix it so that it cannot operate, but to do it not from an economic standpoint but from the standpoint of reaching out and bringing those various operations under the control of the bureau.

In my opinion this program has been operated in such a way that it has gone contrary to the interests of the industry. You cannot make this new bill work successfully unless you have a peanut industry from the man who plants the seed to the fellow who converts it into the final product and makes it go through the channels of trade to the consumer's stomach. We may as well get that clear in our minds.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Georgia.

Mr. PACE. I am sure the gentleman would want to know that in the establishment of the program every branch of the industry, the producer, the miller, the sheller, and the manufacturer of the processed goods, have met in conference and unanimously agreed upon the terms of the program.

Mr. CRAWFORD. The gentleman left out an important unit, and I am going to ask the gentleman this fair, man-to-man question. Does the gentleman think the food broker in this country has any right in the exchange machine? Does he render a convenience and necessity?

Mr. PACE. I would say he is a necessary part of the machine.

Mr. CRAWFORD. And renders a convenience and necessity to the industry?

Mr. PACE. He certainly does.

Mr. CRAWFORD. I do not think he has been considered in this program at any time.

Mr. PACE. I would not want to say about that.

Mr. CRAWFORD. And he went out here and primarily built this industry by encouraging the grower, by encouraging the manufacturer and the consumer, and encouraging the trade all the way through. I have not any interest in any brokerage concern and never did have an interest in a brokerage concern of any kind, but I know what he is worth to the industry, and I take the position in this general program he has almost been murdered, and I do not think it was fair. I do not believe you can make this new bill operate without the broker's assistance in the picture. So I simply stick out my neck by saying these one or two words in favor of the broker.

Now, whatever we do, let us preserve this industry. Let us preserve it on an equitable basis. Let us keep it going.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CRAWFORD. There may come a day when we will be so short of vegetable oils in this country that we will want corn acreage increased, peanut acreage increased, cotton acreage increased, and I hope that day will come so that we can give more work to our people on the farms of this country who, according to my studies and surveys, are today, in 1941, drawing less than 10 cents per hour for their productive labor, and I think it is a shame and disgrace on the Congress of the United States to permit such conditions to exist when in connection with industry and organized labor we do everything under the sun we can to push up their incomes, and create greater disparity as between industry and agriculture. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I may not consume the whole time, but I would feel rather remiss in my duty if I did not indicate my opposition to the pending bill for some rather basic reasons.

Within the last few weeks the Secretary of Agriculture came before the Subcommittee on Appropriations, and there he and I engaged in a considerably colloquy, the net result of which was that, after we had examined all aspects of the present farm program, his answer was that the present program is better than no program at all. That was a very generous lefthand approval, and I am opposed to any bill which comes before this body as a kind of palliative, that merely prolongs the agricultural agony of this country. The time has come for the Congress to come to grips with this thing. It is going to get progressively worse, and all the bureau heads in the Department of Agriculture have indicated to us very recently, just 100 feet from where we sit this afternoon, that when the present war is over it will become necessary for us to engage in the same practices now being followed by countries in the Old World if we hope to be successful in retaining a share of the agricultural trade of the world.

So this bill today is merely a palliative and from the standpoint of broad policy it merely defers the day when the Congress must come to grips with this rather acute problem of agriculture which is becoming more acute as the days go by.

Now, another objection to the bill is that in my opinion, whether mentioned expressly in language or not, this bill virtually makes peanuts a basic commodity. I am not quite ready to go that far. It adds a new title to part 3 of the Agricultural Adjustment Act of 1938, and it lifts peanuts, according to this bill, along with corn, tobacco, rice, and cotton. So for all practical purposes it becomes in the nature of a basic commodity. Now, is there some justification for it? I doubt it very much. If you are going to determine that a commodity is a basic commodity on the basis of acreage, then what about flax, what about barley, to which 10,000,000 acres are devoted now? What about oats to which we devote 35,000,000 acres? What about rye, to which we devote 4,000,000 acres in the country, most of which are below parity levels at the present time? Now if it is from the standpoint of acreage, here are many other commodities that more nearly ought to share as basic commodities because more producers are devoting their endeavors and their talents to those commodities.

If it is a question of price, if you say because it is below parity prices that then it ought to be in the nature of a basic commodity, what about hay, what about soybeans, what about oats, what about eggs, what about dairy products, and a great many others that are larger from the standpoint of dollars and cents in the agricultural economy of the country than peanuts? If you put it on the ground that it ought to have a basic position because there is a surplus, then let me point out to you that at the present time the Commodity Credit Corporation has made advances on barley and they have loaned money on hops and on butter. Then you advanced on pecans and prunes, and on rye and raisins, and then you advanced on turpentine and butter, because there are surpluses in those particular commodities at the present time. So if we regard it from the standpoint of surpluses, then certainly there are other commodities that ought to have equally generous treatment. But the basic premise that I want to establish here now as a basis for my opposition to the bill is that we go along and add a mustard plaster to the act of 1938 in the form of peanut relief. After awhile we shall come along with another plaster in the way of rye and also in the way of barley relief, and later on other additions will be made to it, but at no time are we coming to grips with the essential farm question of the country, and this Congress in this session, in view of the amazing impact of war on agricultural exports should give this thing proper attention, and I for one, even at the expense of some distress on the part of the peanut growers, respectfully insist and emphasize that we deal with it not in piecemeal fashion any longer, for the longer we deal with it in piecemeal fashion, the longer the problem will be here, and the

longer we will be in finding a durable solution, and on that ground I am opposed to the bill.

Mr. PACE. I think it would require an amendment to section 303, the parity section, before we could consider peanuts as a basic commodity under the law; and secondly, does not the gentleman believe that the producer of any of these other commodities he has mentioned should voluntarily get together and agree on a plan, and then it would be the pleasure of Congress to work it out for them.

Mr. DIRKSEN. Only technically would I say that I agree with the gentleman, because in his own report he recites the basic commodities, and then includes peanuts. I realize, of course, that that is part 3, which does not deal with parity payments, but the interpretation of the matter in my judgment would give it a virtual status as a basic commodity.

Mr. PIERCE rose.

Mr. DIRKSEN. Oh, my friend from the great and beautiful Pacific coast raises hops.

Mr. PIERCE. I want to know what the solution of the agricultural problem is; and if the gentleman has it, then he is a very wonderful man.

Mr. DIRKSEN. Oh, I would say to the former distinguished Governor of Oregon that I have been groping and searching for that solution, even as the gentleman and the members of the Committee on Agriculture have been searching, but is there any reasonable excuse why we should come along and defer action on the basic program by just adding piecemeal legislation?

Mr. PIERCE. Yes, there is; because we are helping a distressed industry and not hurting anybody else.

Mr. DIRKSEN. Very well. If we help one distressed industry, then after awhile the barley growers and the oat growers will come along and say that 35,000,000 acres are devoted to the culture of oats, and that represents lots of farms and lots of farmers, and the price of oats is away below the parity price, and they will ask us to listen with sympathy, and Congress will listen to them, and they will want a part of the act of 1938 amended so as to make them basic commodities.

Where are you going to stop, until finally we have a hodgepodge of legislation that does not solve the problem, and the longer we temporize, the longer we continue in this fashion, the longer we will be in finding a durable solution. Let us resolve the issue now, let us have done with a lot of this thing, and come to a real solution of the basic problem.

Mr. GILCHRIST. And does the gentleman think there should be a mustard plaster applied to the manufacturers in the shape of tariff?

Mr. DIRKSEN. And what has that to do with what I have been speaking about?

Mr. GILCHRIST. The farmer has to pay for it, that is what it has to do with it. He must pay the price of the tariff.

Mr. DIRKSEN. Oh, that is one of those generous red herrings that I have seen pulled across the trail here so often that it is becoming a settled practice. I have not said a word about industrial

tariffs. I am thinking in terms of a basic solution for the problems of agriculture, involving all projects of agriculture. The gentleman's committee has not solved the problem, and as to whether or not it is solved, the testimony of the Secretary of Agriculture speaks for itself when he says that it is better than no program at all. That is an amazing admission.

Mr. GILCHRIST. I am only speaking of 1 of 50 mustard plasters.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. DARDEN].

Mr. DARDEN of Virginia. Mr. Chairman, I hope very much that this legislation will prevail. I think the gentleman who preceded me, the gentleman from Illinois [Mr. DIRKSEN], has lost sight of the fact that peanuts were included as a basic commodity in the Agricultural Adjustment Act of 1934, and that subsequent to that time they were dropped out.

As far back as I can remember, in the district which I represent and in the districts which lie adjacent to mine, the one represented by my colleague the gentleman from Virginia [Mr. DREWRY], by my friend the gentleman from North Carolina [Mr. BONNER], and by my other friends the gentlemen from North Carolina [Mr. COOLEY and Judge KERR], peanuts have been planted in great volume. We have had many difficulties. First, years ago we were confronted with tremendous importations into this country of Chinese peanuts. As a result of a tariff enacted here, we received protection that enabled us to secure a more stable market. With the agricultural programs introduced in the early part of this administration, we felt the pressure of diverted acreage; acreage diverted from cotton, corn, and other basic commodities was placed in peanuts, and, without some legislation to assist us, we would not have been able to keep up the production of this great crop.

The production of peanuts has spread from the Carolinas and Virginia to the southeastern and southwestern parts of the country, until now in Texas and the Southeast they produce infinitely more peanuts than we do.

This is stop-gap legislation. The gentleman from Illinois [Mr. DIRKSEN], is right when he says it is little more than a palliative. It is however better than our present program. I do not believe in the years ahead we can possibly continue the diversion program unless we are able to secure some limitation of acreage, because the acreage is increasing at a remarkably rapid rate and the cost of the diversion program is mounting at an alarming rate.

I do not believe the legislation to be perfect nor do I think it will cure our difficulty. I do hope and I believe that it will materially improve the present conditions. It is for this reason that I hope the committee will give it favorable consideration.

Now, if you will pardon a personal observation for a moment, I want to say to the members of this committee that I am leaving Congress today. My resignation becomes effective tonight. I cannot leave without telling you what a genuine

pleasure it has been for me to serve with you. In the desperate and ominous days that lie ahead all of you will have my best wishes. At no time have we been troubled with more vital or more important problems than those confronting us now.

I want you to feel that there is always a warm welcome awaiting you at my home in Virginia, should you happen that way, as I hope you will. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this legislation is peanut business. Before we get through with the present farm program we are going to have a great deal of peanut business in taking care of scores of other farm commodities which will need the same kind of treatment that is being given to peanuts today.

I am not speaking disrespectfully about peanuts, because I think the production and use of peanuts in this country is very essential and we sympathize with those who are engaged in that type of farming.

A little more than a year ago the peanut farmers from Virginia and North Carolina appeared before our committee to urge the enactment of this type of legislation, but the farmers from Georgia, Alabama, Louisiana, and other Southern States where they had engaged very meagerly in the production of peanuts, appeared before our committee and objected to the legislation. No action was taken. My good friend the gentleman from Georgia [Mr. PACE] who is now sponsoring this bill, was the leader in the movement to stop the enactment of the legislation. Now the picture has changed. We understand that the peanut farmers and those engaged in the processing of peanuts have all agreed on this type of legislation.

In other words, they have agreed that no new farmers in the Southern States can go into the peanut business, and so they propose in this bill to stop any expansion of peanut production for edible purposes throughout the South, and should perchance any other farmers who have not been raising peanuts, begin producing peanuts for market, such farmers would then find themselves assessed a penalty of 3 cents a pound, or as much as \$50 an acre, if a ton of peanuts is produced on an acre, and a fine of \$1,000, and an additional penalty of \$25 an acre. In other words, the peanut farmers in the States covered by peanut production have now agreed that they want an exclusive monopoly on the production of peanuts for edible purposes, and they are going to stop all other farmers in those areas from producing peanuts.

I do not blame them for advocating such a program, because we are all more or less selfish. I recognize the distress in the peanut areas and that they need some kind of assistance, but the assistance they are asking here today is the same kind of treatment that we will have to give every other agricultural commodity in this country, and you might as well know that now, because that is coming.

The gentleman from Illinois [Mr. DIRKSEN] touched on it. I hope the same sympathetic consideration will be given to those commodities at that time.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. PACE. I hope the gentleman will not leave in the RECORD the statement that this bill freezes out any peanut producers, keeps any other peanut producers from coming in, because the bill expressly provides for new producers. It simply states how they can come in, just exactly as was done in the case of cotton, and it amounts to 2 percent of the national acreage allotment.

Mr. AUGUST H. ANDRESEN. That is true, but a new producer must be in the business for 3 years before he can market his product.

Mr. PACE. That is right, but that is quite a different statement from the one the gentleman just made.

Mr. AUGUST H. ANDRESEN. But if he goes into the business of raising peanuts and attempts to market his peanuts he will have to pay a penalty of 3 cents a pound. If he raises a ton to the acre he will have to pay a penalty of \$50. In other words, that will keep him out of the business of raising peanuts.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. CRAWFORD. I have a Texas neighbor whose land adjoins the tract I have. He has approximately 80 acres of sandy hillside farm. He has been growing peanuts 2 years under this diversion program. I called at his home between Christmas and New Year's last past. He told me that on the last 2 years' crop he netted approximately \$1,400. He bought a Ford tractor. What is his position under this bill?

Mr. AUGUST H. ANDRESEN. The gentleman says he planted those acres in peanuts 2 years?

Mr. CRAWFORD. Yes.

Mr. AUGUST H. ANDRESEN. He would not, of course, be able to get into the program until he had produced peanuts for another year, although he will have an opportunity to vote for the marketing agreements.

Mr. CRAWFORD. The Secretary's diversion program, plus the effectuation of this bill, plus his purchase of the Ford tractor will bankrupt my neighbor.

Mr. AUGUST H. ANDRESEN. A great many of the farmers of the South, due to the curtailment of the cotton and tobacco acreage, are finding themselves in a very pathetic and difficult situation.

Mr. PLAUCHÉ. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. PLAUCHÉ. In my section of Louisiana they are just beginning to plant and raise peanuts. If a person has cultivated and raised peanuts for 3 years, has not marketed those peanuts, but used them domestically, would he be able to come under this program?

Mr. AUGUST H. ANDRESEN. Yes; if he does not market his peanuts he can raise as many peanuts as he wants to.

Mr. PLAUCHÉ. But if he wants to market them hereafter can he come in under the program?

Mr. AUGUST H. ANDRESEN. If he has produced peanuts for 3 years he would be able to participate in the marketing program. In the State of Louisiana, I might say, last year they raised only 12,000 acres of peanuts.

Mr. PLAUCHÉ. That is correct.

Mr. AUGUST H. ANDRESEN. That is not a great deal. Some of the States have raised as much as 600,000 acres of peanuts.

Mr. PLAUCHÉ. One other question if the gentleman will permit. Suppose a man wants to go into the peanut business to get into the program 3 years hence. Must he give notice to the Agricultural Department?

Mr. AUGUST H. ANDRESEN. He would have to notify the county committee and actually plant peanuts.

Mr. PLAUCHÉ. Is there any provision as to what allotment he will get 3 years hence if he wants to continue in the business?

Mr. AUGUST H. ANDRESEN. That would be fixed by the Secretary of Agriculture and the committee.

Mr. PLAUCHÉ. Three years hence, not now?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. PLAUCHÉ. He has no security at all, then.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. COOLEY. He could grow peanuts those 3 years but not market them.

Mr. AUGUST H. ANDRESEN. Yes.

Mr. COOLEY. But if he attempts to market them he would be penalized 3 cents a pound.

Mr. AUGUST H. ANDRESEN. If he attempted to market them.

Mr. COOLEY. But, as a matter of fact, he likely would not start to grow them, would he?

Mr. AUGUST H. ANDRESEN. I doubt it. I do not see how any farmer could afford to grow peanuts for oil purposes. As I understand, the price for peanuts for oil purposes is only between \$20 and \$30 a ton.

Mr. COOLEY. But he could produce them either for oil or for home consumption.

Mr. AUGUST H. ANDRESEN. Oh, yes.

Mr. COOLEY. And after 3 years he could get a quota for the edible trade.

Mr. AUGUST H. ANDRESEN. That is correct, but as I understand, it is not common practice to produce peanuts for home consumption; in fact they would not have to produce very many peanuts for that purpose. But let me continue for a few minutes to give my reason for being opposed to this type of piecemeal legislation.

For 8 years we have had the greatest appeasement program for the American farmer that has been known in the history of our country. Our Committee on Agriculture has refused—and I can say the same thing for the Administration—to get down to fundamentals and really attempt to solve the farm problem. We have been voting money to pay out as

appeasement or benefit payments to the farmers, requiring them to surrender control over their production in order to get the money. That is the program which has brought about the necessity for dealing with peanuts and dealing with all these other commodities which we shall be called upon to consider in the future unless the program is changed. I have repeatedly, as my colleagues on the committee know, brought up the question of sitting down around the table and trying to work out a program that will solve the farm problem. I have my ideas as to how it should be done, and I know the distinguished members of the Committee on Agriculture and other Members of the House also have very excellent ideas.

This is not a political matter, and the quicker we can get together as fellow Americans to try to solve the most important problem in this country, the better off we will be in the future. [Applause.] If we do not do so, American agriculture will go down and down to the lowest ebb in our history. When the war in Europe is over, unless we mend our ways, America will be made the dumping ground for competitive products produced in other countries of the world under the forced-labor system, whichever wins the war.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. What is the approximate subsidy the Government pays for these appeasement programs each year?

Mr. AUGUST H. ANDRESEN. I suppose it runs close to \$300,000,000 that has been put out under benefits and soil-conservation programs. I understand the loans made by the Commodity Credit Corporation will now run close to \$1,200,000,000. At the same time you are piling up surpluses under Government ownership and Government loans so that when the dam breaks I do not know what will happen—but there will be chaos.

Mr. BATES of Massachusetts. What effect has all of this had on the price structure of these commodities?

Mr. AUGUST H. ANDRESEN. I think it has helped hold the price structure up, but it is piling up surpluses that are in the showcases, which the people can see and that we must dispose of before we can get back on our feet and get parity prices or decent prices for the farmers of this country.

There is one further thing I want to discuss. The bill provides for a loan to peanut farmers of a minimum of \$62.40 a ton, with peanuts selling at \$65 a ton.

Mr. PACE. And with peanuts costing \$60 a ton to produce.

Mr. AUGUST H. ANDRESEN. Yes.

Mr. PACE. Which gives us \$2 profit.

Mr. AUGUST H. ANDRESEN. Loans to be made on the present sale value of peanuts today, or up to that amount, without recourse, which means that a large percentage of the peanuts upon which money is loaned will become the property of the Federal Government.

Mr. PACE. Certainly the gentleman wants to be fair.

Mr. AUGUST H. ANDRESEN. I certainly do, and I want to help the gentleman.

Mr. PACE. In connection with commodity loans, the commodity is sole security for loans made by the Department now to wheat and corn growers.

Mr. AUGUST H. ANDRESEN. Yes; but I may say to the gentleman that neither wheat nor cotton is a perishable commodity, while I understand that peanuts can last just about 4 or 5 months, then they are not worth anything. Then what becomes of the Government loan of \$62.40 a ton when the peanuts are selling at \$65 a ton?

Mr. BATES of Massachusetts. Is this \$300,000,000 that the gentleman spoke about, now being paid in farm benefits, a direct grant or subsidy?

Mr. AUGUST H. ANDRESEN. The gentleman knows that we have appropriated for several years \$500,000,000 for soil-conservation payments; then we have the parity payments of \$211,000,000, and there are other items.

Mr. BATES of Massachusetts. These are direct payments or are they loans?

Mr. AUGUST H. ANDRESEN. No. The loans are all in addition to that.

Mr. CRAWFORD. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I understand the gentleman's statement correctly, and the statement injected by the gentleman from Georgia [Mr. PACE], this bill then fixes a cost-plus price to the peanut growers. Is that correct?

Mr. AUGUST H. ANDRESEN. If the loan of \$62.40, which is the minimum loan, fixes any price at all, it will not only fix the minimum price but it will also definitely fix Government ownership.

Mr. CRAWFORD. The grower can actually grow his peanuts and dispose of them at a price of \$62-plus per ton?

Mr. AUGUST H. ANDRESEN. He can dispose of them to the Government under a loan for that price.

Mr. CRAWFORD. In that respect we are about to enact a cost-plus bill, insofar as peanuts are concerned. Would I be correct in making such a statement?

Mr. AUGUST H. ANDRESEN. You would guarantee at least a loan value on peanuts.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, in the concluding time available to me I would like to make one further statement. I propose to offer an amendment to strike out the loan section from this bill because here we are dealing with a perishable commodity. For the Government to undertake to lend money on a commodity that will only last 4 or 5 months is exceedingly dangerous, and you can take it as the actual fact that the Government will own the peanuts and take a total loss.

Mr. PIERCE. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Oregon.

Mr. PIERCE. Would it not be fairer to offer an amendment to reduce the

amount of that loan, if it be as high as \$62?

Mr. AUGUST H. ANDRESEN. That is the minimum.

Mr. PIERCE. Or \$65. I think that is decidedly too high.

Mr. AUGUST H. ANDRESEN. It is too high.

Mr. PIERCE. Put it where wheat and corn is, on the same formula.

Mr. AUGUST H. ANDRESEN. It is the same formula as suggested by the gentleman from Georgia.

Mr. PIERCE. How does that figure out at \$62?

Mr. AUGUST H. ANDRESEN. The parity price on peanuts is \$120 a ton and 52 percent makes \$62 and some cents a ton. So I am going to offer an amendment to strike out the loan section of this bill when the proper time comes.

May I say in conclusion that we should not deal with agricultural legislation in this piecemeal manner. Our Committee on Agriculture should get down to business and really try to work out a safe and permanent program for all agriculture. It is a critical matter and affects the entire country. If we do not look to the future now and consider what the situation will be when the war is over, we will find the American farmers subjected to the greatest dumping that we have ever seen in the history of our country. Millions of men who are now engaged in war will get back into productive employment under slave conditions, and those who win the war will go out to capture the world market in agricultural and industrial products. America, the best market in the world, will be used as the dumping ground. If we are to maintain any sort of semblance of an American standard of living for labor and for the farmers and for the rank and file of our people, we had better get busy and do business now before it is too late. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. KERR].

Mr. KERR. Mr. Chairman, I want to take a few minutes of your valuable time to discuss this matter with you because it is a matter which especially concerns me and concerns a large number of my constituents.

It may be very interesting to you to know that when this country was discovered five agricultural commodities were discovered which probably affect the welfare of mankind as much as any other agricultural commodities that ever were discovered. Until Columbus came here there was no such thing known in the world as cotton, corn, and tobacco, and the civilized world knew nothing about such things as potatoes or peanuts.

For a great many years an area in North Carolina and Virginia, which constitutes about seven or eight of the great agricultural counties in the tidewater section of those States, was the exclusive section where peanuts were grown in this country. Peanuts first were carried by the Spanish from the New World to Spain, and Spain and France raised almost exclusively the peanuts that civilization

knew much about for more than 100 years. About 200 years ago the Chinese began to raise peanuts and it became the principal food of several hundred million people in China who lived in five or six provinces there, and is yet the principal food of these provinces.

One of our missionaries from Virginia carried some of our large Virginia peanuts back to China on one occasion and induced the Chinese to begin to raise that kind of a peanut. It was three times as large as their peanut. It would grow on an acre of land in China a crop about three times as great in weight as their little common peanut. They found that they could produce 3,000 pounds of peanuts on an acre. This Government spent \$30,000 sending investigators to make observations and research about the growth of Chinese peanuts in order to see whether or not it could become a competitor of this country unless we raised our tariff to a point where their peanuts would be prohibited from coming into this country. These investigators came back with the information that the Chinese could take the Virginia peanut and raise 3,000 pounds to an acre, while the growers in Virginia and North Carolina, who although they had become familiar with the growth of this commodity, were unable to grow more than 1,000 pounds per acre, and this they could only do on their best land. When this fact was presented to Congress, the Tariff Commission first and then the Congress itself raised the import duty on peanuts so that importations of Chinese peanuts are now prohibited, and this protection left the growers in this country with the exclusive right to raise this commodity.

I believe that if the policy of control is correct in the solution of the agricultural problems of this country, then this commodity ought to be controlled. Just a few years ago North Carolina and Virginia made two-thirds of the peanuts that were grown. In recent years the acreage has been increased in the South and Southwest until those States now do not make quite a third of the peanut crop that is harvested and sold in the United States.

Just to give you some idea of what the Government has done for this commodity, the Agriculture Department several years ago undertook to adopt a plan by which they would divert a certain amount of the peanuts that were grown in the southern area and the area which is interested in this bill, in order that they might keep the price up and stabilize this price.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 4 additional minutes to the gentleman from North Carolina.

Mr. KERR. That effort on the part of the Government was approved not only by the farmers but by the processors and the men who use peanuts in the manufacture of a great many different kinds of useful articles. When we undertook to do this, the price of peanuts had gone down in North Carolina, Virginia, South Carolina, Georgia, and Alabama—Texas was not raising many peanuts then—so that the return for the farmers' crop

of peanuts was less than \$10,000,000. Peanuts were selling on the market before the diversion plan for less than a cent a pound. This diversion method for the last 5 years has raised the price of peanuts to these farmers from \$10,000,000 to more than \$50,000,000 annually. In 5 years it has put into the pockets of the peanut growers of the South more than \$200,000,000. This has cost the Government about \$4,000,000 or \$5,000,000.

If you call that a subsidy, that investment as a subsidy has benefited these growers of peanuts more than any other subsidy that was ever extended to any other industry in this whole country. We now say we cannot keep on calling on the Government to put up this subsidy, if you call it that. The Department insist that they want the farmers themselves to take charge of this industry, and, like the tobacco growers and the cotton growers, and others, want them to have this industry come under control, and that is the purpose of the measure now before the House, and that is all that we who are interested in this industry are asking for, and is all we want.

It would be a legitimate subject of complaint for me and the others who are interested in the growth of peanuts in Virginia and North Carolina to complain about the large increase of acreage in the Southern States, whereas there was comparatively but a small increase on the part of the original two States who grew this commodity, but I realize that the sooner North Carolina and Virginia can secure a bill that would curtail the growth of this crop in large areas throughout the United States the better it would be for my farmers as well as the others who can now qualify to grow peanuts under this bill. Several years ago I introduced a similar bill, which was considered by the Agriculture Committee of the House and which was opposed by some of those who now advocate its passage, as well as the Agriculture Department itself. I only wish they had come around to my position sooner.

If the policy of controlling crops is to be maintained, and knowing something about the peanut industry, as I do, and knowing something about the tariff in relation to the protection of our peanut farmers, and what it has meant to these farmers in our country, then I insist crop control ought to be extended to the peanut growers of this country.

In North Carolina peanuts is the crop from which the farmer secures the money to purchase the necessities and luxuries for his family and sometimes lays away for his protection. His debts and obligations consume the price received from the other crops which he grows. The distribution of \$50,000,000 annually among those farmers who grew this crop within the last 5 years has brought to these growers a large measure of prosperity and preserved for them their homes, their firesides, and a sense of happiness beyond measure. I hope very much that this House will go along and extend to this great commodity what it has extended to the cotton growers of this country and the tobacco growers and the growers of various other products that have come

under the control program. The quicker this is done the better it will be for the peanut grower, and this is the principal reason which prompts me to support this measure. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY. Mr. Chairman, I asked for this time today in the hope that I might clarify this bill slightly and also give the reasons why I voted for it in committee and also expect to support it on the floor of the House. [Applause.]

Since I have been here during the last couple of years, people on both sides of the aisle, especially on the right side, have voted in a way I did not like to see them vote on agricultural matters, but I cannot see that that is any reason why I should not vote for what is good for them. These matters of quotas and marketing agreements are not sectional matters. I did not want to embarrass anyone here today by asking them any questions. There is not a man on this floor who will stand up here and say he does not believe in all marketing agreements. I was not here when you put the program into operation, but we have given certain groups these marketing agreements, and if one group is entitled to these agreements, every other group in our country is entitled to them. To show you how complicated this subject is, just spend half a minute thinking about the milk-marketing agreement. Have you ever heard anybody stand up here and say he did not believe in the milk-marketing agreement? Did you ever hear any man say that the \$3 milk set price around the city of Washington is not comparable with the \$62 a ton that you are going to put on these peanuts? Just consider the dairy business by itself. We have one-third of the milk produced in the United States coming under the milk-marketing agreements. A little of that enters as far as the West and then comes under the condensed-milk market and they get a little increase. I feel justified in supporting every group of farmers in the United States, and I do not care what they produce. I say if you are going to be fair and ask benefits for any one group, you should be willing to give it to every group, and the only objection I have to our program is that we do not take in all the groups.

I claim that the peanut farmers today are just as much entitled to parity payments as any other group of farmers, but I understand the reason they do not ask for that today, as they are entitled to it just as much as a little over one-third of the milk producers are entitled to the same treatment as those who produce cotton, wheat, corn, tobacco, or rice. So I cannot see how any man can stand up here and object to this bill, especially in view of the fact that he has never offered any protests to any of these other marketing agreements; and I think practically everyone who has been here any great length of time has supported marketing agreements for the commodity raised in his district.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. AUGUST H. ANDRESEN. Does the gentleman not know that I did oppose them and pointed out the difficulties under the marketing agreements? Of course, the gentleman was not here at the time.

Mr. MURRAY. I was not here. Does the gentleman believe in the milk-marketing agreement?

Mr. AUGUST H. ANDRESEN. No; I do not believe in any barrier by any section of the United States, and what the marketing agreements do is to build trade barriers between communities and States in the effort of local producers to stop other producers from shipping commodities into that market.

Mr. WHITE. Mr. Chairman, will the gentleman yield to me?

Mr. MURRAY. Yes.

Mr. WHITE. In answer to my friend from Minnesota and his criticism of marketing agreements, I wonder if he ever takes into consideration the need of purchasing power in the hands of the people who are located in the great industrial centers. If they cannot sell and export their fabricated and manufactured products, how are they going to buy the farm products and other materials from Minnesota? If they have not any money, they cannot buy the farm products. I think anybody who will study the subject will find that the trade agreements are a solution of this tariff problem that we have been wrestling with ever since I was a boy in knee pants.

Mr. AUGUST H. ANDRESEN. I am glad that the gentleman from Idaho is willing to have Argentine beef and sugar from other foreign countries come into this country and displace the products of the American farmers.

Mr. WHITE. Let me remind the gentleman from Minnesota that if Argentine beef is coming into this country, the producers of beef in this country are getting 5 or 6 times more per pound than they did before it ever came in because the people have exchanged their bridge steel, their sewing machines, and all the other manufactured products flowing out of our industrial plants and that creates a purchasing power that buys the beef, potatoes, and other products from his country.

Mr. AUGUST H. ANDRESEN. I want to protect the gentleman's farmers as well as my own.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, we have no further debate on this side, and I ask that the Clerk read the bill.

The CHAIRMAN. The Clerk will read. The Clerk proceeded to read the bill.

Mr. DOXEY. Mr. Chairman, I ask unanimous consent that the bill be considered as read and printed in the RECORD, and that Members have the privilege of offering amendments to any part of the bill.

The CHAIRMAN. Is there objection? There was no objection.

The bill is as follows:

Be it enacted, etc., That title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after part V of subtitle B thereof the following new part:

"PART VI—MARKETING QUOTAS—PEANUTS

"LEGISLATIVE FINDINGS

"SEC. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketing of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

"MARKETING QUOTAS

"SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the 5 years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the 5 years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such 5 years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than 1,610,000 acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 95 percent of that established for the crop produced in the calendar year 1941.

"(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the 3 calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third

years of the period. The Secretary shall proclaim the results of the referendum within 30 days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within 30 days after the date upon which this act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts.

"(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the 5 years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut-acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: *Provided*, That the allotment established for any State for any year subsequent to 1941 shall be not less than 95 percent of the allotment established for such State for the crop produced in the calendar year 1941: *Provided further*, That for the second or third year of any 3-year period in which marketing quotas are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percentage as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

"(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the 3 years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm acreage allotments in any year based on such excess acreage shall not exceed 2 percent of the national acreage allotment for such year. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

"MARKETING PENALTIES

"Sec. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are sold by the producer through an agent, the penalty shall be paid by such

agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and the producer shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by a representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

"(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts, as provided in subsection (a) above, will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut-diversion or peanut-loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil shall pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

"(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less.

"(d) The word 'peanuts' wherever used in this act means peanuts which are picked and threshed by mechanical means.

"(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-loan program shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, a peanut-loan program shall be in effect with respect to the crops of peanuts produced in the 3 calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, only on the marketing quota for each farm, at rates not less than 52 percent and not more than 75 percent of the parity price of peanuts as of the beginning of the marketing year, and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940.

"(f) There is hereby authorized to be appropriated each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this subsection and for the expenses of administering this subsection.

"(g) The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products."

Sec. 2. Paragraph (1) (B) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word "cotton" the words "or peanuts."

Sec. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

"(C) 'Market,' in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift *inter vivos*."

Sec. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

Sec. 5. Subsections (a) and (b) of section 371 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, are amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Sec. 6. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" wherever it appears in the first sentence thereof, the word "peanuts" and a comma, by striking out the word "and" following the word "producers" in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the following: "all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in

the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines."

SEC. 7. Subsection (b) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 8. Section 374 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 9. Subsection (a) of section 375 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: Page 9, line 23, strike out all of subsection (e).

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this amendment seeks to strike out the entire loan section of the bill which requires that the Commodity Credit Corporation shall make loans at not less than 52 percent and not more than 75 percent of the parity price.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. PACE. The gentleman will admit, will he not, that that language was placed in the bill at the request of the gentleman?

Mr. AUGUST H. ANDRESEN. I did request the gentleman to write his language in the bill so that we could find out just what kind of a loan he sought to procure under the provisions of the bill. Before that time the gentleman had used only the term "loan," and I thought the House was entitled to know what the gentleman had in mind.

It is admitted that peanuts are a perishable commodity. If that is the case, no loan should be made by the Federal Government as long as we are aiding them in the diversion program, and in the other programs under the marketing quota system. If the farmers who are entitled to raise peanuts under the provisions of this bill take advantage of loans, we will see that there will be at least 500,000 tons of peanuts under Government loan and ownership.

Mr. PACE. We will not produce that many peanuts under the bill.

Mr. AUGUST H. ANDRESEN. I believe you produced 900,000 tons last year. The total production of peanuts in 1940 was 845,000 tons.

Mr. PACE. That many pounds per acre.

Mr. AUGUST H. ANDRESEN. The production in tons was 1,003,000. I am reading from the Crops and Markets of the Department of Agriculture, and I assume that that is correct. The gentleman in the report has 805,000 tons, but when you figure the peanuts that were produced, picked, and threshed for hay, you have 1,003,000 tons, which takes in

the whole business. I said 500,000 tons would be placed under the loan. We have around 12,000,000 bales of cotton under the loan, which is equivalent to an entire year's crop. The Federal Government owns between six and seven million bales of cotton, and instead of having 10 cents a pound tied up in that cotton, I presume the amount will run somewhere between 16 and 18 cents a pound, and if this provision stays in the bill and Government makes the minimum loan of 52 percent of parity, we will find that they have a good many million dollars tied up in peanuts that will be worth little or nothing at the end of the crop year.

I hope this amendment will be adopted so that if the peanut growers are to have a program that is sound and helpful, they may secure that program without saddling all their peanuts on the Federal Government at a loss to all of the taxpayers in the country. That is all I have to say. I hope the amendment will be adopted. It should be adopted to aid both the taxpayers and the peanut growers themselves.

Mr. DOXEY. Mr. Chairman, I understood the distinguished gentleman to say that he had said all he cared to say about this amendment. May we not agree that the time for debate on this amendment shall be concluded within 5 additional minutes?

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. PIERCE. Mr. Chairman, I would like 2 or 3 minutes.

Mr. HOPE. I would like 5 minutes on this amendment.

Mr. DOXEY. Very well. I will amend my request to make it 15 minutes. I want to be liberal, but I thought we could dispose of it.

I ask unanimous consent that the time on this amendment be limited to 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman as modified?

There was no objection.

Mr. PACE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the distinguished gentleman from Minnesota, a member of the committee, is very hard to satisfy. The bill originally provided a diversion and loan program. Over his objection and that of other members of the committee, the diversion was stricken out and the loan was left in. Then the gentleman said he thought the loans ought to be limited. I said, "All right. We will limit them like they are on wheat, corn, and all the others; that they will range from 52 percent to 75 percent of parity." Certainly there is not anybody in this House interested in the welfare of the farmers who would make any objection to 52 percent of parity when he is entitled to 100 percent. But I think if you will listen to me for a minute you will see the need for a loan.

I am hoping it will not be necessary for the Government to spend \$10 on a loan. But loans made during the season are necessary for this reason: They are

planting peanuts in southern Texas now. They begin gathering peanuts in southern Texas in June. They gather them in June and July. Louisiana, Arkansas, and probably Alabama come into the picture in September. Georgia comes in in October. North Carolina comes in in November and December, and they are now finishing gathering the crop in Virginia. Certainly if the market should open up low those people in Texas are entitled to some protection under the market while the season is going on. There has not been but one year in the peanut industry when all the areas have made a good crop. They usually have a failure somewhere. Year before last Georgia had a very poor crop. But while the season is developing the growers in southern Texas and Alabama are entitled to a little support—52 percent of parity, under the market. Then as the season moves on the edible trade will begin to take more peanuts. Under the reduction we are voluntarily taking under this bill, I say to you frankly there should be very little loss from loans. I assume that under this bill the total peanut production, that is, for the edible trade, will be from 500,000 to 600,000 tons.

The record shows that around 100,000 tons of that is kept on the farm, for seed for the next year, a certain amount is destroyed by rats and so forth, and a certain amount is used in the home—consumed on the farm. We have tried to cut the acreage allotment so as to materially reduce the surplus. Of course, the gentleman from Minnesota is not familiar with the problem. He talks about 500,000 tons going under loan. That is going to be near the total production. The edible trade is using 400,000 to 450,000 tons a year. I certainly believe that the early movement of the crop should be protected just as much as the late movement, and I sincerely hope that the House will not approve the amendment, because you would certainly have no inducement to carry to the farmer to ask him to cut his acreage, unless you give him some protection. The committee cut out the diversion part. Frankly, I wish my distinguished friend would withdraw his amendment.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. PACE. Certainly, I yield.

Mr. AUGUST H. ANDRESEN. The acreage under the bill is proposed to be 1,610,000 acres.

Mr. PACE. That is right for 1941.

Mr. AUGUST H. ANDRESEN. The 10-year average was 1,460,000 acres, so that you are not taking a great deal of decrease. It was an increase over the 10-year average.

Mr. PACE. The trouble with it is that this year there were 3,000,000 acres put into peanuts, of which 1,905,000 acres were picked and threshed. The peanuts that are harvested for the edible trade is the important matter. The farmers are now coming here and volunteering to reduce the acreage, and are simply asking the Congress to give legal authority to their own agreement. Of course, we must provide them with some protection on price if they agree to reduce production.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for 7½ minutes, under the agreement.

Mr. HOPE. I will not use the entire time, Mr. Chairman. I simply rise at this time for the purpose of pointing out what the effect will be if this amendment is adopted. As the bill stands, there will be no loans unless the control program is in effect. In other words, unless two-thirds of these producers should vote in a referendum for control, there will be no loans. If there are loans, they are limited to not to exceed 75 percent. Under the general Agricultural Adjustment Act loans can be made on any commodity. So if you strike out this section there will still be plenty of authority for the department to make loans up to 100 percent, if they care to do so.

If you strike out the section you will strike out the provision which says there shall be no loans unless marketing quotas are adopted. The result, therefore, will be that you will have no control of the program—that is, I assume a marketing program will not be adopted if there is no inducement for voting one, and the inducement will be pro rata loans if you have a marketing quota. If this amendment is adopted the result will be you will have no control, you will have an increased production undoubtedly and you will make it possible for loans to be made up to 100 percent. I do not think it is sound, I do not think it is safe to have a loan program without some sort of control. We have it in the case of all the other loan programs. If the supply gets to a point where marketing quotas are in order, then marketing quotas must be voted before loans can be made; and this is the only safe way and the only sound way of making loans without subjecting the Government to the possibility of tremendous losses. I should hate to see this amendment adopted and this program thrown wide open to 100-percent loans without any control, and that is what the situation will be if you adopt this amendment.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. AUGUST H. ANDRESEN. Does the gentleman believe it is possible for the Government to make loans on perishable farm products?

Mr. HOPE. Yes; I do under certain circumstances. I believe under proper safeguards loans can be made on perishable products. The terms would have to be different than if made on non-perishable products. You could not make a 1-year loan or a 2-year loan on peanuts. If you could make a loan for the duration of a few months' time it might be all right. I am not sufficiently well acquainted with the peanut industry to know what the length of time should be.

Mr. AUGUST H. ANDRESEN. As long as loans are made without recourse and based upon the same priority loan as other basic commodities, it would not make any difference because the Govern-

ment would be owning the peanuts even though the loans were made for only 60 days.

Mr. HOPE. I have just pointed out, of course, that there is still ample authority in the law for 100-percent loans if you adopt this amendment, and that would certainly be far worse. If it is bad to make any loan on a perishable commodity, it would certainly be worse to make a 100-percent loan, and that would happen if this amendment were adopted with the bill in its present form.

Mr. Chairman, I yield back the balance of my time.

Mr. DOXEY. Mr. Chairman, I yield 2½ minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, the loan feature, of course, is the heart of the agricultural program, and it would be a serious mistake to strike out the loan program, because it is the basis of it all. Without the loan program the corn program would not have helped the Midwest as it has, and it certainly would not have helped us in the Wheat Belt, or in the Cotton Belt. We have just got to keep the loan feature there. It is the minimum price, and while it seems high at \$60—higher than I thought it was when I engaged in colloquy with my colleague from Minnesota a few minutes ago—still I believe that if the bill is passed and a control is put in under the quota, you will find the price of edible peanuts rise to perhaps \$80 with a loan factor of \$60. That is about the proportion in wheat. To adopt this amendment simply kills this bill.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. AUGUST H. ANDRESEN. Does the gentleman feel we should make loans on perishable commodities?

Mr. PIERCE. Under certain conditions, yes. There ought, perhaps, to be some limitation on how long the loan should run. The Government should not lend on peanuts that spoil by natural age in 4 or 5 months.

Mr. AUGUST H. ANDRESEN. They claim that is all they last, 4 or 5 months.

Mr. PIERCE. Some provision should be made for their sale, but you cannot cut the loan feature out of this bill and leave anything for the peanut farmer. Here these men are struggling, asking for some little help. We can give them that help by passing this bill. It gives them the right to apply a quota; and I should feel disappointed if they did not use the same feature in regard to wheat. I believe we men in the North ought to extend to them the power of government to control their acreage. That is why I am going to vote for the bill and vote against the gentleman's amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was rejected.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: Page 10, line 13, strike out the

figures "52" and insert the figures "30"; and in line 14 strike out "75" and insert "52."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this amendment simply lowers the amount that can be loaned on peanuts. The minimum amount is 30 percent under my amendment.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Not now.

The maximum amount is 52 percent or \$62.40 at present price levels. I feel, in dealing with a perishable commodity, we should consider the interests of the Government and of the taxpayers, and not put the Government to the jeopardy of owning several hundred thousand tons of peanuts. I concede that possibly I was a little hasty in offering the other amendment to strike out the loan section and I have offered this amendment in place of it. This simply places a ceiling of 52 percent of parity or sixty-two dollars and some cents a ton on a loan which can be made without recourse upon this perishable commodity.

Mr. PACE. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Georgia.

Mr. PACE. Does the gentleman want the parity price on his wheat, on his flax, and on his milk to be 30 percent of parity?

Mr. AUGUST H. ANDRESEN. Thirty percent of parity?

Mr. PACE. Yes.

Mr. AUGUST H. ANDRESEN. We do not have any loans or milk, potatoes, apples, or any other perishable commodities. The loans that we have are on wheat, on cotton, on corn, and on commodities that can be stored and kept from year to year, not on perishable commodities.

Mr. PACE. The gentleman well knows from the discussion had in committee that this would be tied in with the diversion program and it would not be necessary to hold the peanuts until they spoiled.

Mr. AUGUST H. ANDRESEN. I do not know.

Mr. PACE. Are not these producers down in Texas entitled to market their production?

Mr. AUGUST H. ANDRESEN. I think they are entitled to just as much protection as the other farmers are. We are in a bad situation, but why make it worse and break down the entire program by including this commodity and giving it the same benefit as the other basic non-perishable commodities?

Mr. PACE. The gentleman wants the Texas growers to get nothing for their peanuts, while the producers in Virginia, North Carolina, Georgia, and the other States get all the money; is that it?

Mr. AUGUST H. ANDRESEN. I notice they all take care of themselves. We had that demonstrated last year.

Mr. LEAVY rose.

Mr. AUGUST H. ANDRESEN. I see the gentleman from Washington standing. I know he is interested in getting loans on apples, and his State produces some very fine apples.

Mr. LEAVY. I certainly am, and anything that is good for me I am not going

to deny to somebody else. With the parity limitation between 52 and 75 percent, does the gentleman have any reason to believe that the Department will go as high as 75 percent?

Mr. AUGUST H. ANDRESEN. They probably would be very apt to lend close to the market price or above the market price.

Mr. LEAVY. Well, that limitation exists at this time on cotton, does it not?

Mr. AUGUST H. ANDRESEN. Yes, but cotton is not a perishable commodity.

Mr. LEAVY. And on wheat?

Mr. AUGUST H. ANDRESEN. That is not perishable.

Mr. LEAVY. They have never gone above 56 or 57 percent of parity, although they can go to 75 percent; so why should we believe that they would go above that in this case?

Mr. AUGUST H. ANDRESEN. Does the gentleman believe it would be advisable for the Government to lend from 52 to 75 percent of parity on apples?

Mr. LEAVY. I do, and I think on every agricultural commodity the farmer should certainly receive 75 percent of parity.

Mr. AUGUST H. ANDRESEN. I do not dispute the gentleman there, but I mean to sell it to the Government the same as cotton, wheat, and corn have been sold to the Government.

Mr. LEAVY. I do not agree it would be a sale. I think it would fix a floor.

Mr. AUGUST H. ANDRESEN. It has amounted to a sale in respect to cotton, corn, and wheat.

Mr. PATRICK. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Alabama.

Mr. PATRICK. The gentleman seems to have as his chief inspiration for the amendment he has offered the fact peanuts are perishable. How long does a goober live—about 6 months?

Mr. AUGUST H. ANDRESEN. The best expert that we have in the Committee on Agriculture says from 4 to 6 months.

Mr. PATRICK. From the time it is harvested until its life is over. Does that not give them sufficient time to take care of these peanuts so that they do not come under the head of a quickly perishable vegetable?

Mr. AUGUST H. ANDRESEN. If the farmer is required to pay his loan within that time, that may be true, but these loans are made without recourse.

Mr. DARDEN of Virginia. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman—the next Governor of Virginia.

Mr. DARDEN of Virginia. If the gentleman wants to save the Government money in this thing, it would seem to me he would favor this legislation because you cannot continue this diversion program without involving us in larger and larger outlays, possibly. This is a limitation of acreage and it gives us the only opportunity to control acreage and at the same time finance it within reasonable limitations.

Mr. AUGUST H. ANDRESEN. That is probably true. The loan section in here, of course, is the inducement offered

by the Government to the peanut farmer to submit himself to control from Washington.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The amendment was rejected.

Mr. DECKWORTH. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BECKWORTH: Page 9, line 19, after the word "is", strike out "one acre" and insert "three acres."

Mr. BECKWORTH. Mr. Chairman, the language in lines 17 to 19, page 9, is this:

The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less.

The provision of my amendment is very simple. I seek to take care of the family sized farmer. As the bill is now drawn, any person can plant 1 acre of peanuts and do with the peanuts that he grows on that acre what he desires to do. I provide that a farmer can plant 3 acres of peanuts and do with those peanuts what he desires to do with them. If he wants to sell them he certainly is given that right.

I submit that this is not an unfair amendment, for the reason that no person growing 3 acres of peanuts ever became rich, and no person growing only 3 acres of peanuts ever glutted the market. The man who grows 1 acre, 2 acres, or 3 acres is not the type of grower who gluts the market. It is the little grower, the family size farmer, who needs to be taken care of, not only in regard to peanuts but with regard to all other agricultural commodities. The farm program, the Agricultural Adjustment Administration Act, or any amendment thereto should be given consideration in the light of how the little farmer is affected. A person who wants to grow 3 acres of peanuts, in my opinion, should be permitted to do so. In my district, for example, the average farmer who grows cotton has been growing around 10, 20, or 30 acres of cotton. Under the program his acreage is reduced appreciably and he has been told that he can afford to reduce his acreage for he can then grow other agricultural commodities; he has been encouraged along this line. Emphasis is placed on the need to diversify. All right, he says, "I am going to diversify." What does he plan to grow? He says, "I am going to grow some peanuts." He plans to grow those peanuts, and he finds that he cannot grow peanuts in an amount over 1 acre for 3 whole years and sell those peanuts without being penalized 3 cents a pound. That he will find it most difficult to begin to grow peanuts for the market in acreage exceeding 1 acre admits of no question. He likely will not enter the peanut field.

If you think and believe it right and just to restrict to 1 acre of peanuts a small farmer who has not been growing peanuts for the market, you are justified

in opposing my amendment. That is the entire picture of this amendment.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. BECKWORTH. I yield to the gentleman from Georgia.

Mr. PACE. Has the gentleman any conception of how much that will increase the national-acreage allotment? Does not the gentleman know it would probably produce twice as much peanuts as are being produced now?

Mr. BECKWORTH. If a fellow wants to grow 3 acres of peanuts he ought to have the privilege of doing so and marketing those 3 acres of peanuts. I do not see any reason why he should not.

Mr. PACE. Why not offer an amendment to let the cotton growers in Illinois and other sections grow 3 acres of cotton?

Mr. BECKWORTH. I have introduced a bill along that line which would permit anybody to produce at least five bales of cotton, and I do not believe it is an unfair proposition; the little farmer would be the beneficiary of my bill pertaining to cotton.

Mr. PACE. Anybody in the Nation?

Mr. BECKWORTH. Yes; let anybody produce five bales of cotton. Does the gentleman think it is unfair for anybody to produce five bales of cotton?

Mr. PACE. I say that you would shift your cotton area from Texas into California, Illinois, Arizona, and other States.

Mr. BECKWORTH. The gentleman would prevent a person from producing that much. The law now provides that any person can produce two bales. [Applause.]

[Here the gavel fell.]

Mr. PACE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let me say that the gentleman's proposal is that you take the 1,610,000 allotment and add to it 3 acres for anybody anywhere in the United States who wants to grow peanuts. The result would be that instead of reducing our production you would probably have, I wager, although I cannot estimate it except in a casual way, two or three or four times as many peanuts produced. This would apply to all the States in the Union, wherever anybody wanted to produce. All over my State, for instance, whether or not a man had ever produced peanuts, he could produce 3 acres. I would say that your national plantings instead of being 1,905,000 acres for 1940 would probably then be 5,905,000 acres.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Texas.

Mr. BECKWORTH. Do not the provisions of the bill, as written, apply to every section of the United States?

Mr. PACE. On 1 acre; yes.

Mr. BECKWORTH. This applies to 3 acres.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. RUSSELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUSSELL: On page 4, line 8, after the words "in the" strike

out the word "three" and insert the word "one", and in line 12, after the word "quotas," strike out the words "no referendum shall be held with respect to quotas for the second and third years of the period."

Mr. RUSSELL. Mr. Chairman, I am not opposed to the bill. The Southwest Peanut Growers Association came to Washington and asked me to support the bill. You can tell by my looks that I am not a peanut politician, I am a peanut grabbler. I have had the opportunity in life to plant, cultivate, grow, and harvest peanuts considerably. I still operate a farm.

Some 2 years ago when the soil-conservation program made an allotment on the acreage of peanuts to my community I quit, as I quit when they did that on cotton. Naturally, I have always felt that I had the right to plant and raise and market any necessary, legitimate commodity I cared to. However, I realize the hectic conditions and I know that this is a new field.

The gentleman from Minnesota, who has been talking and offering amendments, has stressed the point that peanuts are a perishable property. The gentleman is correct in that statement. They will, however, last longer than 6 months, although they will lose considerable strength in that time and lose considerable value.

Now, my amendment goes this far. On page 4, I am asking the word "three" be stricken out, and that we insert the word "one," and that means that these elections shall be held every year, and inasmuch as this is a new field, both as to the farmer or the peanut grower and the Government, and as you know we are going through some hectic times now, we do not know what tomorrow may bring, I feel that if this amendment is agreed to and carried in this bill it will not affect the validity of the bill in any way, but will only require us to vote on it again in another year. This will give us an opportunity by actual experience to know whether we have the proper bill or not. It will also be fair to the Government, which is all of us. We are interested both ways.

Mr. Chairman, this amendment will not injure the bill, but will just give us a chance to see whether or not we have the best kind of bill, and whether or not it will work properly. Then the next year we could vote on it, and in this way we will give the Government a chance to see whether or not it has a fair and equitable bill. I hope you will pass the amendment. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. RUSSELL].

The amendment was rejected.

Mr. PLAUCHÉ. Mr. Chairman, I offer an amendment, which I send to the desk. The Clerk read as follows:

Amendment offered by Mr. PLAUCHÉ: On page 9, in line 19, after the word "years", strike out "one acre" and insert "two acres."

Mr. DOXEY. Mr. Chairman, I make the point of order against the amendment that the subject matter of the amendment has been voted on.

The CHAIRMAN (Mr. MILLS of Arkansas). The chairman will call the attention of the gentleman from Mississippi to the fact that this is a different amendment and the amendment is not subject to the point of order.

Mr. DOXEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. DOXEY. Mr. Chairman, may I ask if there are any further amendments on the Clerk's desk?

The CHAIRMAN. This is the last amendment of which the Chair has any notice.

Mr. DOXEY. Then, Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. PLAUCHÉ. Mr. Chairman, I shall not take much of your time, but I am appealing to you for the thousands of little farmers in my district and in my State who have been obliged to reduce their cotton acreage, their rice acreage, and their sugarcane acreage, and who have not been turning to peanuts as a cash crop.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. PLAUCHÉ. Certainly.

Mr. PACE. If that is true, why is it that Louisiana planted less peanut acreage in 1940 than in 1939? Your acreage is decreasing and not increasing.

Mr. PLAUCHÉ. As I understood the gentleman's argument, probably there were failures in crops in certain sections; and as the gentleman knows, you never have a good crop in all sections of the country at one time.

Mr. PACE. The gentleman understands that out of total plantings of 1,905,000 acres in the Nation, Louisiana planted only 12,000 acres in the entire State.

Mr. PLAUCHÉ. That is correct.

Mr. MILLS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. PLAUCHÉ. I yield.

Mr. MILLS of Louisiana. How many acres did Georgia plant last year in peanuts?

Mr. DOXEY. Mr. Chairman, I want to protect the gentleman who is speaking, and I ask that he be not interrupted, inasmuch as I asked that the time be limited.

Mr. PLAUCHÉ. I thank the gentleman very much, but I am appealing, as I said, for another acre; and it will not change the actual production of peanuts very much by adding 1 acre for the little farmer, who is turning to that crop for a little cash income, inasmuch as he has been cut down on some other cash crops.

The argument made by my colleague from Texas applies to this amendment.

He was asking for 3 acres, and I am asking for 2 acres, so that these little farmers may produce, without interference and without coming under the terms of this bill, 1 additional acre of peanuts in order to give them a little cash crop; and, inasmuch as they have been cut down on other crops, I appeal to you to permit the little farmer to have a small cash crop by voting for this amendment. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and Mr. COOPER having assumed the chair as Speaker pro tempore, Mr. MILLS of Arkansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 3546, and pursuant to House Resolution 115, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

SPREAD OF NOXIOUS WEEDS, IDAHO

Mr. WHITE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, we find that both the Agricultural Department of the Federal Government and the State authorities understand and appreciate the damage and loss being sustained to our productive farming land by the spread of noxious weeds, which has assumed serious proportion in the State of Idaho. It appears that the loaning agencies, particularly the Federal land bank, have recognized the depreciation of farm lands by these noxious pests and the reduction of appraised value of the infested land.

The benefits accruing from the noxious-weed-control program being prosecuted by the Federal Government in cooperation with the States is being discounted by a condition existing in the State of Idaho that merits correction by the Congress.

Farmers on lands adjacent to Indian-owned tracts are hampered in making progress in the weed-control program because no such program is in operation on the Indian reservations. In this connection I have received a memorial from the Legislature of the State of Idaho urging that an appropriation of \$40,000 be made to the Office of Indian Affairs for the purchase of material and equipment for the purpose of cooperating with the proper authorities in the State of Idaho in the control and eradication of noxious weeds on Indian reservations. I submit the memorial for consideration.

2-21

77TH CONGRESS
1ST SESSION

H. R. 3546



IN THE SENATE OF THE UNITED STATES

MARCH 1 (legislative day, FEBRUARY 13), 1941

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of sub-
5 title B thereof the following new part:

6 “PART VI—MARKETING QUOTAS—PEANUTS

7 “LEGISLATIVE FINDINGS

8 “SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and the
4 persons engaged in the marketing and processing thereof are
5 unable to regulate effectively the orderly marketing of the
6 commodity. As the quantity of peanuts marketed in the
7 channels of interstate and foreign commerce increases above
8 the quantity of peanuts needed for cleaning and shelling, the
9 prices at which all peanuts are marketed are depressed to
10 low levels. These low prices tend to cause the quantity of
11 peanuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketing of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the chan-
16 nels of interstate and foreign commerce. Since these un-
17 stable and chaotic conditions have existed for a period of
18 years and are likely, without proper regulation, to continue
19 to exist, it is imperative that the marketing of peanuts for
20 cleaning and shelling and for crushing for oil in interstate and
21 foreign commerce be regulated in order to protect producers,
22 handlers, processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the quota is proclaimed equal to the average
6 quantity of peanuts harvested for nuts during the five years
7 immediately preceding the year in which such quota is pro-
8 claimed, adjusted for current trends and prospective demand
9 conditions, and the quota so proclaimed shall be in effect
10 with respect to such crop. The national marketing quota
11 for peanuts for any year shall be converted to a national
12 acreage allotment by dividing such quota by the normal
13 yield per acre of peanuts for the United States determined
14 by the Secretary on the basis of the average yield per acre
15 of peanuts in the five years preceding the year in which
16 the quota is proclaimed, with such adjustments as may be
17 found necessary to correct for trends in yields and for ab-
18 normal conditions of production affecting yields in such five
19 years: *Provided*, That the national marketing quota estab-
20 lished for the crop produced in the calendar year 1941 shall
21 be a quantity of peanuts sufficient to provide a national
22 acreage allotment of not less than one million six hundred
23 and ten thousand acres, and that the national marketing
24 quota established for any subsequent year shall be quantity
25 of peanuts sufficient to provide a national acreage allotment

1 of not less than 95 per centum of that established for the
2 crop produced in the calendar year 1941.

3 “(b) Not later than December 15 of each calendar year
4 the Secretary shall conduct a referendum of farmers en-
5 gaged in the production of peanuts in the calendar year
6 in which the referendum is held to determine whether such
7 farmers are in favor of or opposed to marketing quotas with
8 respect to the crops of peanuts produced in the three calendar
9 years immediately following the year in which the refer-
10 endum is held, except that, if as many as two-thirds of the
11 farmers voting in any referendum vote in favor of marketing
12 quotas, no referendum shall be held with respect to quotas
13 for the second and third years of the period. The Secretary
14 shall proclaim the results of the referendum within thirty
15 days after the date on which it is held, and, if more than
16 one-third of the farmers voting in the referendum vote against
17 marketing quotas, the Secretary also shall proclaim that
18 marketing quotas will not be in effect with respect to the
19 crop of peanuts produced in the calendar year immediately
20 following the calendar year in which the referendum is held.
21 Notwithstanding any other provisions of this section, the
22 Secretary shall proclaim a national marketing quota with
23 respect to the crop of peanuts produced in the calendar year
24 1941 equal to the minimum quota provided for said year in
25 subsection (a) hereof and shall provide for the holding of a

1 referendum on such quota within thirty days after the date
2 upon which this Act becomes effective, and the State and
3 farm acreage allotments established under the 1941 agri-
4 cultural conservation program shall be the State and farm
5 acreage allotments for the 1941 crop of peanuts.

6 “(c) The national acreage allotment shall be appor-
7 tioned among States on the basis of the average acreage
8 of peanuts harvested for nuts in the five years preceding
9 the year in which the national allotment is determined, with
10 adjustments for trends, abnormal conditions of production,
11 and the State peanut-acreage allotment for the crop immedi-
12 ately preceding the crop for which the allotment hereunder
13 is established: *Provided*, That the allotment established for
14 any State for any year subsequent to 1941 shall be not less
15 than 95 per centum of the allotment established for such
16 State for the crop produced in the calendar year 1941:
17 *Provided further*, That for the second or third year of any
18 three-year period in which marketing quotas are in effect
19 the acreage allotment for each State for such year shall be
20 increased above or decreased below the allotment for the
21 State for the immediately preceding year by the same per-
22 centage as the national marketing quota for such year is in-
23 creased above or decreased below the national marketing
24 quota for the preceding year.

25 “(d) The Secretary shall provide for apportionment of

1 the State acreage allotment for any State through local com-
2 mittees among farms on which peanuts were grown in any
3 of the three years immediately preceding the year for which
4 such allotment is determined. Such apportionment shall be
5 made on the basis of the tillable acreage available for the
6 production of peanuts and the past acreage of peanuts on the
7 farm, taking into consideration the peanut-acreage allotments
8 established for the farm under previous agricultural adjust-
9 ment and conservation programs. Any acreage of peanuts
10 harvested in excess of the allotted acreage for any farm for
11 any year shall not be considered in the establishment of the
12 allotment for the farm until the third year following the
13 year in which such excess acreage is harvested and the total
14 increases made in farm acreage allotments in any year
15 based on such excess acreage shall not exceed 2 per centum
16 of the national acreage allotment for such year. The
17 amount of the marketing quota for each farm shall be the
18 actual production of the farm-acreage allotment, and no
19 peanuts shall be marketed under the quota for any farm
20 other than peanuts actually produced on the farm.

21

“MARKETING PENALTIES

22

“SEC. 359. (a) The marketing of any peanuts in excess
23 of the marketing quota for the farm on which such peanuts
24 are produced, or the marketing of peanuts from any farm
25 for which no acreage allotment was determined, shall be

1 subject to a penalty of 3 cents per pound, except as provided
2 in subsection (b) of this section. Such penalty shall be paid
3 by the person who buys or otherwise acquires the peanuts
4 from the producer, or, if the peanuts are sold by the producer
5 through an agent, the penalty shall be paid by such agent,
6 and such person or agent may deduct an amount equivalent
7 to the penalty from the price paid to the producer. The
8 Secretary may require collection of the penalty upon a por-
9 tion of each lot of peanuts marketed from the farm equal
10 to the proportion which the acreage of peanuts in excess of
11 the farm-acreage allotment is of the total acreage of peanuts
12 on the farm. If the person required to collect the penalty
13 fails to collect such penalty, such person and the producer
14 shall be jointly and severally liable for the amount of the
15 penalty. All funds collected pursuant to this section shall
16 be deposited in a special deposit account with the Treasurer
17 of the United States and such amounts as are determined, in
18 accordance with regulations prescribed by the Secretary, to
19 be penalties incurred shall be transferred to the general fund
20 of the Treasury of the United States. Amounts collected
21 in excess of determined penalties shall be paid to such pro-
22 ducers as the Secretary determines, in accordance with reg-
23 ulations prescribed by him, bore the burden of the payment
24 of the amount collected. Such special account shall be
25 administered by the Secretary and the basis for, the amount

1 of, and the producer entitled to receive a payment from such
2 account, when determined in accordance with regulations
3 prescribed by the Secretary, shall be final and conclusive.
4 If, in the course of marketing, any peanuts produced on one
5 farm are falsely identified by a representation that such
6 peanuts were produced on another farm, or, if there is a fail-
7 ure to make a report of the disposition of peanuts available
8 for marketing from any farm, each person participating in
9 the false identification of the peanuts or failing to make a
10 report of the disposition of such peanuts as required by reg-
11 ulations issued by the Secretary shall be subject to a penalty
12 of \$25 for each acre, or fraction thereof, of peanuts harvested
13 in excess of the farm-acreage allotment for the farm on which
14 such peanuts were produced and such penalty shall be in
15 addition to any other penalty due hereunder.

16 “(b) Payment of the penalty of 3 cents per pound upon
17 the marketing of peanuts as provided in subsection (a) above
18 will not be required if such excess peanuts are delivered
19 to and marketed through an agency or agencies designated
20 each year by the Secretary. Any peanuts received under this
21 subsection by such agency shall be sold by such agency for
22 crushing for oil under a sales agreement approved by the
23 Secretary, or for cleaning and shelling at prices not less
24 than those established under any peanut diversion or peanut
25 loan program operated by the Secretary. For all peanuts so

1 delivered under this subsection, producers shall be paid for the
2 portion of the lot constituting excess peanuts the market
3 value thereof for crushing for oil as of the date of such de-
4 livery, less the estimated cost of storing, handling, and
5 selling such peanuts. Any person who acquires peanuts for
6 crushing for oil under the provisions of this subsection, and
7 who uses or disposes of such peanuts for purposes other than
8 for crushing into oil shall pay a penalty of 3 cents per pound
9 upon the peanuts so used or disposed of and shall be guilty
10 of a misdemeanor and upon conviction therefor shall be fined
11 not more than \$1,000 or imprisoned for not more than one
12 year, or both. Operations under this subsection shall be
13 carried on under regulations prescribed by the Secretary,
14 and the operations of any agency designated to receive and
15 market peanuts may be separate from or combined with
16 operations of other agencies.

17 “(c) The provisions of this part shall not apply to
18 peanuts produced on any farm on which the acreage har-
19 vested for nuts is one acre or less.

20 “(d) The word ‘peanuts’ wherever used in this Act
21 means peanuts which are picked and threshed by mechanical
22 means.

23 “(e) If, in any referendum carried out pursuant to
24 subsection (b) of section 358, marketing quotas with respect
25 to peanuts are opposed by more than one-third of the

1 farmers voting in such referendum, no peanut loan program
2 shall be in effect with respect to the crop produced in the
3 calendar year immediately following that in which the
4 referendum is held. If quotas are approved by not less than
5 two-thirds of the farmers voting in such referendum, a pea-
6 nut loan program shall be in effect with respect to the
7 crops of peanuts produced in the three calendar years im-
8 mediately following the year in which the referendum is
9 held. The Commodity Credit Corporation is directed to
10 make available loans upon peanuts during any marketing
11 year in which marketing quotas are in effect. Such loans
12 shall be made only to producers, only on the marketing
13 quota for each farm, at rates not less than 52 per centum
14 and not more than 75 per centum of the parity price of
15 peanuts as of the beginning of the marketing year, and
16 the peanuts shall be the sole security for such loans. If a
17 referendum is held in 1941 with respect to the crop produced
18 in 1941, the provisions of this subsection shall apply as
19 though such referendum had been held in the calendar year
20 1940.

21 “(f) There is hereby authorized to be appropriated
22 each fiscal year beginning with the fiscal year 1941, out
23 of any moneys in the Treasury not otherwise appropriated,
24 such sums as may be necessary for the purposes set forth

1 in this subsection and for the expenses of administering this
2 subsection.

3 “(g) The provisions of this section shall not apply to
4 nor interfere with the inauguration or the operation of any
5 program approved by the Secretary pursuant to authority
6 contained in existing law designed to establish new uses for
7 peanuts and peanut products or expand markets for peanuts
8 and peanut products.”

9 SEC. 2. Paragraph (1) (B) of subsection (b) of sec-
10 tion 301 of subtitle A of title III of the Agricultural Adjust-
11 ment Act of 1938, as amended, is amended by inserting im-
12 mediately following the word “cotton” the words “or
13 peanuts”.

14 SEC. 3. Paragraph (6) of subsection (b) of section 301
15 of subtitle A of title III of the Agricultural Adjustment Act
16 of 1938, as amended, is amended by adding the following
17 new paragraph:

18 “(C) ‘Market’, in the case of peanuts, means to dispose
19 of peanuts, including farmers’ stock peanuts, shelled peanuts,
20 cleaned peanuts, or peanuts in processed form, by voluntary
21 or involuntary sale, barter, or exchange, or by gift inter
22 vivos.”

23 SEC. 4. Section 361 of subtitle C of title III of the Agri-
24 cultural Adjustment Act of 1938, as amended, is amended by

1 inserting after the comma following the word "cotton" the
2 word "peanuts" and a comma.

3 SEC. 5. Subsections (a) and (b) of section 371 of sub-
4 title C of title III of the Agricultural Adjustment Act of
5 1938, as amended, are amended by inserting after the comma
6 following the word "rice" the word "peanuts" and a comma.

7 SEC. 6. Subsection (a) of section 373 of subtitle C of
8 title III of the Agricultural Adjustment Act of 1938, as
9 amended, is amended by inserting after the comma following
10 the word "rice" wherever it appears in the first sentence
11 thereof, the word "peanuts" and a comma, by striking out
12 the word "and" following the word "producers" in such
13 first sentence; and by striking out the period at the end of
14 such first sentence and inserting in lieu thereof a comma
15 and the following: "all brokers and dealers in peanuts, all
16 agents marketing peanuts for producers, or acquiring pea-
17 nuts for buyers and dealers, and all peanut growers' cooper-
18 ative associations, all persons engaged in the business of
19 cleaning, shelling, crushing, and salting of peanuts and the
20 manufacture of peanut products, and all persons owning or
21 operating peanut-picking or peanut-threshing machines."

22 SEC. 7. Subsection (b) of section 373 of subtitle C of
23 title III of the Agricultural Adjustment Act of 1938, as
24 amended, is amended by inserting after the comma following
25 the word "rice" the word "peanuts" and a comma.

1 SEC. 8. Section 374 of subtitle C of title III of the
2 Agricultural Adjustment Act of 1938, as amended, is
3 amended by inserting after the comma following the word
4 “cotton” the word “peanuts” and a comma.

5 SEC. 9. Subsection (a) of section 375 of subtitle C of
6 title III of the Agricultural Adjustment Act of 1938, as
7 amended, is amended by inserting after the comma following
8 the word “rice” the word “peanuts” and a comma.

Passed the House of Representatives February 28, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

MARCH 1 (legislative day, FEBRUARY 13), 1941
Read twice and referred to the Committee on
Agriculture and Forestry

Mar 10

W. B. Gann

TO REGULATE COMMERCE IN PEANUTS

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE AND FORESTRY

UNITED STATES SENATE

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

ON

S. 826

A BILL TO AMEND THE AGRICULTURAL ADJUSTMENT
ACT OF 1938, AS AMENDED, FOR THE PURPOSE
OF REGULATING INTERSTATE AND FOREIGN
COMMERCE IN PEANUTS, AND FOR
OTHER PURPOSES

MARCH 10, 1941

Printed for the use of the Committee on Agriculture and Forestry

7 12



UNITED STATES
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TO REGULATE COMMERCE IN PEANUTS

MONDAY, MARCH 10, 1941

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D. C.

The committee met, pursuant to call, at 10 a. m., in the committee room, 324 Senate Office Building, Senator John H. Bankhead presiding.

The committee had under consideration S.826, which is as follows:

[S. 826, 77th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after part V of sub-title B thereof the following new part:

"PART VI—MARKETING QUOTAS—PEANUTS

"LEGISLATIVE FINDINGS

"SEC. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketings of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

"MARKETING QUOTAS

"SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the

normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 90 per centum of that established for the crop produced in the calendar year 1941.

"(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date of which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding the provisions of subsections (a) and (b) of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective.

"(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the five years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut-acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: *Provided*, That the allotment established for any State for any year subsequent to 1941 shall be not less than 90 per centum of the allotment established for such State for the crop produced in the calendar year 1941.

"(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

"MARKETING PENALTIES

"SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are sold by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and the producer shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined

penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by a representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

"(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut-diversion or peanut-loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection and who uses or disposes of such peanuts for purposes other than for crushing into oil, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

"(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

"(d) The word 'peanuts' wherever used in this Act means peanuts which are picked and threshed by mechanical means.

"(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-diversion program or peanut loan shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, either a peanut-diversion program or a peanut loan shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection (e) shall apply as though such referendum had been held in the calendar year 1940.

"(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this subsection and for the expenses of administering this subsection."

Sec. 2. Paragraph (1) (B) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word "cotton" the words "or peanuts".

Sec. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

"(E) 'Market', in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos."

Sec. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

Sec. 5. Subsection (b) of section 371 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 6. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" wherever it appears in the first sentence thereof the word "peanuts" and a comma, by striking out the word "and" following the word "producers" in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the following: "all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines."

SEC. 7. Subsection (b) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 8. Section 374 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 9. Subsection (a) of section 375 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Senator BANKHEAD. Gentlemen, the committee will come to order. This meeting has been called this morning for the purpose of considering S. 826, a bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes. Representative Pace, of Georgia, introduced this bill in the House, and is thoroughly familiar with it. I have requested him to be here this morning to make a general statement, a detailed statement or such statement as he thinks will be helpful to the committee, so I now present Representative Pace and ask him to proceed in his own way until we get ready to question him.

STATEMENT OF HON. STEPHEN PACE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. PACE. Mr. Chairman and gentlemen, as Senator Bankhead has stated, the bill seeks to amend the Agricultural Adjustment Act of 1938 by establishing marketing quotas for peanuts. It will probably be helpful if I give a little background and give the members of the committee a picture of the existing situation, in order that you may better appreciate the suggested remedy.

Peanuts are produced in substantial quantities in the States of Virginia, North Carolina, Tennessee, Georgia, Florida, Alabama, Texas, Louisiana, Oklahoma, Arkansas, Mississippi, and South Carolina. The greater quantities are produced in the States of Virginia, North Carolina, Georgia, Alabama, and Texas.

Peanuts can be used for only two purposes. First is the edible trade. The edible trade consists almost entirely of the manufacture of peanut butter, candy, and salted peanuts. That is known as the edible trade.

The only other use for peanuts is for crushing for oil. At the present time the edible trade is the only market which offers the farmer even a cost-of-production price. The oil market, as you know, is established by all the fats, oil, lard, cottonseed oil, and all of the other oils and fats.

Senator BANKHEAD. And imported oils.

Mr. PACE. Yes, sir; and imported oils, unfortunately.

I might say this as a matter of information to the committee, the peanut is an American crop. It was discovered on the American Continent and no attention was given to it. It was taken to Europe and planted and developed there, and then a long time afterward its significance was appreciated and it was brought back to the States as a cultivated crop which began in the State of Virginia. So, so far as this Nation is concerned, the State of Virginia is the founder of the peanut industry. Then it has developed in the Carolinas and on down into the South and Southwest.

Heretofore the edible trade has been able to use a substantial quantity of the peanuts produced, but through the recent years there has been an enormous expansion in peanut acreage. That has been brought about in some measure by the reduction of the acreage for other crops. I am sure the committee appreciates the fact that there is a minimum living necessity on the farmer, and where the producer is not able to secure a living from the crops which he has produced in the past he must find other cash crops. Beginning a few years ago there grew up a surplus of peanuts for the edible trade. The Department of Agriculture, through its surplus removal division, beginning in 1934, assisted in bolstering the price for peanuts by removing the surplus from the market, or part of the surplus. That removal was in the form of buying up portions of the surplus, removing it from the edible trade, and crushing it into oil, which immediately took those peanuts off the market. The result has been that for the last several years the producer has received approximately 50 percent of the parity price for peanuts. The parity price of peanuts at the present time is 6.1 cents per pound, or \$122 per ton—speaking of peanuts by the ton except in Texas, and I think they are at times referred to by bushels there.

Due to the reduction of the acreage of other crops, the peanut acreage has expanded—the harvested acreage has expanded during the last few years as follows: In 1933 there was harvested 1,217,000 acres of peanuts, of which 409,000 tons were picked and harvested. In 1934—I give these not in exact figures but in round figures, so that you can retain them better—in 1934, 1,488,000 acres; 1935, 1,473,000; 1936, 1,606,000 acres; 1937, 1,500,000 acres. You will notice there is a slight reduction in the year 1937, which is probably significant for this reason. That was the year that we had no cotton program, Senator, and the probability is, there being no control on cotton, they went back to cotton and planted it.

Senator BANKHEAD. I know the acreage of cotton that year was largely increased.

Mr. PACE. In 1937?

Senator BANKHEAD. Yes.

Mr. PACE. I think that reduction, therefore, is due largely to that situation.

In 1938 the acreage increased to 1,708,000 acres; in 1939, 1,859,000 acres; and in 1940, 1,905,000 acres, which is by far the greatest harvested acreage of peanuts in the history of the Nation.

Unfortunately there has been very little expansion in the use of peanuts in the edible trade. The Department of Agriculture, the associations of peanut producers, the associations of peanut shellers and millers, and every other branch of the industry are now engaged and have been for the last 2 or 3 years in a very aggressive effort to try to

find new uses and expanded uses for peanuts. As you gentlemen know, that is a very slow process, to find a new use and to educate the people to the new use of an edible commodity. We establish our eating habits, and sometimes it takes a generation to introduce a new article on our table. Therefore, for the last several years the edible trade, which we call the "consumption" of peanuts, has been ranging between 400,000 and 450,000 tons. It has never gone over 450,000 unless it does for the 1940 crop.

In comparison with the harvested acreage, which I just gave you, here are the figures for the consumption of peanuts in the edible trade. In 1935 the consumption was 390,000 tons; 1936, 445,000 tons; 1937, 427,000 tons; 1938, 401,000 tons; 1939, 444,000 tons. Of course, we do not yet have the figures for 1940. Therefore, you see that the greatest consumption of peanuts was in 1936—445,000 tons.

Senator BANKHEAD. What was your production?

Mr. PACE. In that year the production was 626,000 tons. The next highest consumption was in 1939, which was 444,000 tons.

I would like to call the attention of the committee, Senator, to one significant fact here, which we contend is also true in the case of cotton, that the price did not determine the amount of consumption, because the year in which the peanuts brought the highest price was 1936, and that is the year there was the greatest consumption. The next highest price which the farmer received for his peanuts was 1939, and that is the next highest year of consumption. So the question of price solely does not in peanuts—and I contend, Senator, it does not control necessarily in cotton or other farm products, the amount of consumption.

The result of this constant increase in the planted acreage and in the harvested acreage and in the amount of shelled peanuts and the almost static condition of the edible trade, that there has been, as these figures indicate, a mounting surplus from year to year. As I stated, the Department of Agriculture has come in and aided the farmer in removing some of this surplus. I think the Department of Agriculture will probably tell you that this is, from the standpoint of return to the producer for the amount expended, is one of if not the finest program the Department of Agriculture has had; that is, with a small sum used in removing the surplus and crushing it into oil, they have been able to put many times that amount, from 5 to 10 times that amount of money into the hands of the producer. But last year, in the face of this mounting surplus and in anticipation of an increase in the cost, at the time the surplus removal program was announced in September 1940, the announcement concluded with this significant paragraph:

In accordance with previous announcements, conferences with peanut growers will be held soon to consider the coordination of acreage allotment with a diversion program before either program is undertaken for the 1941 crop, in view of the fact that it is necessary to find means for reducing the expanding peanut acreage before the 1941 crop is planted.

Following that announcement, as well as personal notices served upon myself and other Members of Congress and other representatives of peanut producers, we got into a huddle. The growers began to meet, and I might say, Mr. Chairman, that from that hour to this the growers have been in conference on this problem. They are here today. All of these gentlemen here are either themselves peanut

farmers or are representatives of peanut farmers and associations and cooperatives.

I can say that this bill which the Senator presented to you is a growers' bill. It was for the most part written by the growers themselves, under the advice of expert draftsmen from the Department of Agriculture, and such counsel as I could give them. They are here to request its passage, and if I might add here, they earnestly desire its immediate passage, if possible, for this reason: The planting of peanuts begins about this time in southern Texas; they are already planting in southern Texas; they have been planting for some 2 or 3 weeks. We will not plant in Louisiana, Alabama, and Georgia until the latter part of this month. Then it progressively comes up into the Carolinas and Virginia. And the same way with harvesting. They begin harvesting peanuts in southern Texas in June, and they conclude the harvesting in Virginia in late December. So I feel, and I am sure you feel, that these growers in southern Texas that are now planting their crop need to know and should know what the action of the Congress will be on this matter, and it is for that reason that I have assisted in expediting consideration in the House through my committee, the House Committee on Agriculture, and through the House.

The CHAIRMAN. The House has acted on the bill?

Mr. PACE. The House passed the bill on February 28, a week ago last Friday afternoon.

Senator ELLENDER. Did the House make any changes, any material changes?

Mr. PACE. The House made no changes. The Committee on Agriculture did make some changes, Senator, which will be brought to your attention.

Senator ELLENDER. I notice here on page 5 of the bill that the allotment to any State in any year following 1941 shall not be less than 90 percent of the allotment established for that State for that year.

Mr. PACE. We have changed that from 90 percent to 95 percent.

Senator ELLENDER. Well, will that not be an inducement for the farmers to plant probably a greater amount, say, this year and it might nullify the effect of your bill here?

Mr. PACE. Let me explain that, Senator. Due to the lateness of the season, realizing that this bill could not possibly pass before planting time, the growers and the Department of Agriculture, after numerous conferences, got together and have agreed upon the national allotment for 1941. It is written into this bill, 1,610,000 acres. It is written into the bill.

Senator ELLENDER. Is that what you are going to plant for 1941?

Mr. PACE. For this year. Which is the same allotted acreage as last year under the Soil Conservation and Domestic Allotment Act. You understand that peanut allotments have been made during the last several years through the Soil Conservation Allotment Act. They fixed the figure at 1,610,000 acres. That acreage has been allotted. The Texas boys have planted under it, and this bill establishes that and keeps it for this year.

Senator ELLENDER. What percentage does—

Mr. PACE (interposing). Let me explain what that figure means. That figure means that under normal conditions sufficient peanuts

Size
of
quota

will be produced for the edible trade, plus a small quantity. It is felt that it would be highly improper—the Department feels this way and we feel this way—to try to cut the acreage to the exact consumption figures for two reasons. One is we do not know what it will be. We are hoping that our new uses program will bring about increased consumption. But 1940 is the first year in 10 years where all of the areas have had a good crop. For instance, in 1939 in my State of Georgia we had a 40- or 50-percent crop, and the record shows that with so many areas involved, nearly every year either you or Texas or somebody is going to have a bad crop. So in fixing the 1,610,000 acres we have fixed the figure which we hope will be sufficient on all occasions to supply the edible trade without any substantial surplus, but enough surplus there to serve as an insurance. Therefore, Senator, the growers feel, and the Department feels, that that 1,610,000 is about the minimum that it should ever be. Therefore, the 95-percent provision—it is 90 percent here, but we changed it to 95—simply says that in future years, in order to protect each State—you understand that in a bill of this kind there is always a lot of State feeling—that to protect every State and see that no State will be taken advantage of, at no time in the future can any State allotment be less than 95 percent of what it is this year.

Senator ELLENDER. But there is nothing in this bill that states that it is going to be fixed on the proportion of 1,610,000, as you have just indicated.

Mr. PACE. Yes; it is in the bill.

Senator RUSSELL. Page 3, starting with line 9.

Senator ELLENDER. But what I have in mind is this: this allotment that you have made, of 1,610,000 acres for 1941, is there any assurance that that is going to be carried out by the farmer? Not that I am distrusting the farmer now, but this, to my mind, will simply be an incentive to get each State just a little more acreage.

Mr. PACE. Before I get through, Senator, I think you will agree that they will carry it out.

Senator ELLENDER. Now, you say there have been allotments in the past?

Mr. PACE. Yes, sir.

Senator ELLENDER. What percentage of the farmers have agreed to such an allotment or followed through with it?

Mr. PACE. That has been the trouble.

Senator BANKHEAD. That is the reason for this bill.

Mr. PACE. That has been the trouble. In the past the Government has come in—get this, Senator—except for the loss of benefits under the Soil Conservation and Domestic Allotment Act, there have been no penalties for overproduction. The Department has come in and helped the farmer by an expenditure of public funds, and in many areas, in my own area, in the Senator's area, not so much in your area, Senator Ellender, there has been an expansion and the Department has now taken the position, saying "Well, gentlemen, we have gone as far as we can go. We can't sit here and help you to protect the surplus and then let you make the surplus any figure you can."

Senator GILLETTE. Before you go into the machinery of the bill, Congressman, I want to ask you two or three questions on this general picture. You understand I know nothing whatever about peanuts.

Mr. PACE. I hope I can help you.

Senator GILLETTE. You have been very helpful, but there are two or three questions I want to ask in order to give me the picture. Is there any appreciable amount of the peanut production that goes into foreign trade?

Mr. PACE. As peanuts?

Senator GILLETTE. As peanuts.

Mr. PACE. No. On the contrary, there is a slight importation.

Senator GILLETTE. That was the second question. Is there considerable importation from foreign sources?

Mr. PACE. There is, mainly from the Philippines, Senator. As you know, under our agreement with the Philippines they ship their stuff in and we charge them a duty, and then we remit it to them.

Senator BANKHEAD. In what form does that come, oil or peanuts.

Mr. PACE. It comes from the Philippines in the form of peanuts—not a very large amount.

The other competition we have in normal times, not in wartimes, is the import of peanut oil, on which there is a 3-cent import duty.

Senator GILLETTE. Imported as oil?

Mr. PACE. As oil.

Senator GILLETTE. Now the next question: Is this a soil-building crop?

Mr. PACE. No; it is a soil-depleting crop—probably one of the worst there is. In other words, we do not follow peanuts with peanuts in our country. We never plant peanuts every third year.

Senator GILLETTE. Then for diversion of cotton it is not a soil-building crop or compliance crop?

Mr. PACE. No, sir. Let me modify that. It is soil building if you plant peanuts and leave them in the ground and let the hogs go out there and root up a few and then turn the others under. It is soil building in that way.

Senator BANKHEAD. But he means a commercial crop.

Mr. PACE. No; it is not.

Senator GILLETTE. Now, is there value in the crop as a manure or as a forage?

Mr. PACE. Peanut hay is classed as pretty good feed. Its value is, I would say, about \$8 or \$12 a ton.

Senator GILLETTE. If you let the peanuts mature in the ground can you still harvest the top as hay?

Mr. PACE. No, Senator. Let me explain that. The peanut, as you know, grows under the ground. It has innumerable little stems under the ground and a bush above. In October in my country, or in September, that bush begins to die, turns white and brown, and you know the nuts are matured. You then go under with a plow, go down deep and take that whole bush, nuts and all, and turn it over on the ground. If the weather is clear you let it lie there as long as you can, but before a rain comes you take the bush and shake it by hand—there is no mechanical method by which it can be done—shake it by hand and you set up a pole with a cross arm at the bottom, and you stack them across those cross arms, and they set there for from 6 to 8 weeks drying out. At the end of about 8 weeks that little fine stem has become brittle and dies. Then you wait until your picker comes by there, the peanut picker—there is usually one in each community and he goes from farm to farm—the picker comes by and he takes those nuts and vines and throws them into the picker,

and by shaking and pulling process, the stems being very brittle, you do what you call "pick" the peanuts.

Senator GILLETTE. But the hay has value as forage?

Mr. PACE. Then you bale the hay, usually bale the hay and carry it to your barn and feed it to your mules and cows. It has a value. It cost last year, I believe, \$10 a ton to pick those peanuts. That is what the picker received for them. Most farmers figure that their hay is worth about what it costs to pick the peanuts, just about.

Senator GILLETTE. Is there a residue after the nut is crushed for oil? Is there a value to the residue?

Mr. PACE. Yes; there is a meal very much the same type, Senator, as your soybean meal, very much the same type.

Senator GILLETTE. What is the average production of an acre?

Mr. PACE. That varies, Senator, and I will be glad to give you the exact figure. The production in the different areas is as follows: The areas are divided up, known as the Virginia area, comprising the States of Virginia, North Carolina, Tennessee, and South Carolina—no, not South Carolina; South Carolina is in our area. The average production in the Virginia area for the period from 1933 to 1937 was 1,084 pounds per acre, just slightly over half a ton per acre. In my area, which is known as the southeast area, Georgia, Florida, and Alabama and South Carolina, the average production was 675 pounds per acre, about a third of a ton, not quite a third of a ton per acre. And in the southwestern area, composed of Texas, Louisiana, Mississippi, Oklahoma, and Arkansas, the average production was only 466 pounds per acre. They do not get quite a fourth of a ton per acre. So you see it runs from 25 percent of a ton to a little over 50 percent of a ton.

Senator GILLETTE. Using the acreage that you had in sight in the year-by-year production, it seemed to me it was running on an average of about a third of a ton to the acre.

Mr. PACE. The average is 745 pounds to the acre, but I think that includes 1940, which is the highest yield—it happened that all the areas had a good crop and the average last year, 1940, was 845, but in years past it has been less than that. I think you can figure on the whole about a third of a ton to the acre.

Senator GILLETTE. You figure it is a little over \$12 per ton, the average price, and if they raise a quarter of a ton, that runs below \$4 an acre.

Senator RUSSELL. No; not \$12. It is \$122 a ton.

Senator GILLETTE. \$122 instead of \$12.2?

Mr. PACE. That is parity. We have been getting about \$60 to \$65 per ton for our peanuts.

Senator GILLETTE. Then you are getting about \$20 a ton per acre I mean.

Mr. PACE. Yes; that is what we have been getting, with the help of surplus removal, and that is less, we hope, than we will get, and that is the reason we are here, because we realize that the area has been expanded, and unless something is done the entire price will be demoralized.

Senator GILLETTE. Just one more question, Congressman, and I will let you go on. I noticed in the bill that this statement was made:

As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantities needed for cleaning and shelling, the prices for all peanuts are depressed.

Mr. PACE. That is right.

Senator GILLETTE. Why is that? As you increase the sale why depress the price? Is it because of competition with other fats and oils?

Mr. PACE. No, sir; that means this, Senator, that when we produce more peanuts, with no appreciable increase in consumption in the edible trade, we have that many more peanuts to sell, and naturally it is depressing on the price.

Senator RUSSELL. I think the Senator's statement is correct, that when you make more than you can sell in the edible trade, of course, all that surplus comes in competition with all kinds of oil, and that affects the whole.

Senator GILLETTE. And that portion, of course, will have to be sold in competition, and that would reflect in the price.

Senator RUSSELL. Of course, you cannot divide it. It would all affect the price, the farmer's market price. You cannot divide them and say "These are to be used for edible purposes and these are to be crushed."

Senator GILLETTE. But I felt there ought to be an explanation of why an increased market depressed the price.

Senator RUSSELL. It is the difference in marketing, one part edible and the other in oil.

Mr. PACE. Let me say this, Senator, that up to now there has not been sufficient peanut oil moving into the oil picture to have any effect. During the last 10 years we produced an average of approximately 5,250,000,000 pounds of fats and oils. During that same period the amount of peanut oil that has been manufactured has only been an average of 43,000,000 pounds, so it is considerably less than 1 percent.

Senator AIKEN. How much oil is there in a ton of peanuts?

Mr. PACE. Approximately 600 pounds.

Senator GILLETTE. And it comes into competition with the edible oils, the cooking oils.

Mr. PACE. To some extent, if I may say so, Senator. Of course, it is a very select oil. It pays a premium.

Senator AIKEN. You get a higher percentage of oil from peanuts than you get from soybeans?

Mr. PACE. About three times as much; yes. You get about 200 pounds out of soybeans and about 300 pounds out of cottonseed. I would like the Senator also to remember that under the cotton reduction program we have voluntarily, I will say, because the farmers vote about 95 or 96 percent—we have voluntarily taken out of cotton production 12,000,000 acres of cotton land. Of course, when we took out 12,000,000 acres of cotton land, we took out 12,000,000 acres of cottonseed land. Therefore, we have taken off of the market, according to the 1940 production, we have taken off the market 600,000,000 pounds of cottonseed oil. Therefore, a contribution back of forty or fifty million pounds of peanut oil does not yet compensate us for our loss.

Senator AIKEN. What crop do you follow peanuts with in the rotation program?

Mr. PACE. Well, a lot of farmers follow the next year with a soil building turn over crop. Some do not. Some plant corn. We have all sorts of farmers, Senator.

Senator AIKEN. What would you use for soil buildings? You would not use soybeans?

Mr. PACE. Oh, no. We use lespedeza, for one thing. Unfortunately we cannot produce soybeans very well.

Senator AIKEN. How long can you carry a crop after harvesting before they have to be processed either for oil or edible purposes—about 6 months?

Mr. PACE. It is perishable, and is perishable for this reason, Senator: It becomes stale, and I do not know anything that a rat likes better than peanuts, unless it is a piece of cheese.

Senator AIKEN. It is not adaptable to the long loan program?

Mr. PACE. Not a long loan program. However, this bill authorizes a loan program in case of need, to be supplemented by a diversion program.

Senator AIKEN. There would not be much reconcentration of peanuts, then, would there?

Mr. PACE. That is one thing about it, there can never be a surplus because you must dispose of the crop.

Now, I would like to hurriedly run through the bill and just explain the points that I think you will be interested in. The bill provides that between the first of July and December of each year the Secretary shall proclaim a national-marketing quota. That marketing quota shall be a quantity of peanuts which will make available for marketing a supply of peanuts equal to the average quantity of peanuts harvested for nuts during the last 5 years immediately preceding, adjusted for trends and demand conditions. Now, that means simply that the Department shall figure out what the national average for the last 5 years has been, see what the surplus has been, see what the trend toward expansion has been, and then cut the figures down to where, as I explained awhile ago, your production will be just a little bit better than your normal consumption. Then the bill says that after it fixes that quota in peanuts, it shall convert it into acreage, take the quota and turn it into acreage, and you turn it into acreage by dividing such quota by the normal yield per acre on the basis of the average yield per acre in the 5 preceding years.

Senator ELLENDER. That is about the same as our cotton program.

Mr. PACE. Exactly. The bill follows the same thing. Then, after you have converted your peanuts quota into acreage, the next question is then what are you going to do with the acreage? So I will jump over to the States.

Senator ELLENDER. Just a minute. Now you have fixed in this bill that that minimum shall be 1,610,000 acres?

Mr. PACE. 95 percent of it. No State can ever get less than 95 percent of that.

Senator ELLENDER. And then you interpret the bill also to mean that this 1,610,000 acres is then to be distributed among the States, no matter what the production is in 1941?

Mr. PACE. That is right. I will show you how it is divided among the States.

Senator ELLENDER. I understand, and unless it is actually fixed at 1,610,000 acres, this provision on page 5, which reads:

That the allotment established for any State for any year subsequent to 1941 shall be not less than 90 per centum of the allotment established for such State for the crop produced in the calendar year 1941.

Size of quota

Now, you are assuming that you have a bill in existence carrying out the very provisions you are now trying to enact——

Senator RUSSELL (interposing). This bill fixes the quota and the acreage for 1941.

Senator ELLENDER. And the proviso that is disturbing me is that after 1941 no State shall have less than 95 percent of the quota that is fixed by this bill. In other words, that proviso just says that in the future you shall not take away from any State more than 5 percent of the quota fixed by this bill.

Mr. PACE. Yes, sir. If you will let me read to you, Senator Ellender——

Senator ELLENDER (interposing). In other words, you are trying to establish a specific quota without any bill. You are doing it in advance, in other words.

Senator RUSSELL. We are doing it in this bill.

Senator ELLENDER. But still, what effect would it have? That is what I am worried about. In other words, what would stop the States from finding in excess of this fixed amount, because there is no law to limit it?

Senator RUSSELL. Because the penalty here is 3 cents a pound on anybody that markets in excess of the quota fixed by this bill.

Senator ELLENDER. How can the penalty work if in the bill it is provided that no State hereafter shall have less than what you plant this year?

Senator RUSSELL. But the bill fixes how much they can plant this year.

Senator ELLENDER. But is it effective?

Senator RUSSELL. Of course, it is effective.

Mr. PACE. 95 percent of the allotment, Senator.

Senator ELLENDER. Well, I do not see how you can do it.

Senator RUSSELL. If the farmers vote for it, they will certainly do it.

Mr. PACE. It is 95 percent of the allotment. It is not 95 percent of what they plant this year; it is 95 percent of what we have allotted to them this year under this bill.

Senator RUSSELL. It is an allotment, not what they plant. The allotment fixed in this bill.

Mr. PACE. Now then, I was about to say how shall this national acreage allotment be divided among the States? Let me say at the outset that that language was written by the farmers themselves. They came to Washington in December, representatives from all of the States, and in conference with officials of the Department of Agriculture—you all know that whenever you get to allotting acreage among States everybody wakes up—"How much am I going to get and how much are you going to get?" So these gentlemen met up here themselves. I was not here. No Member of Congress was here, and they themselves wrote this language as to how the acreage should be divided among the States, and that says that the national allotment shall be divided among the States on the basis of the average acreage of peanuts harvested for nuts in the 5 years preceding—this is on page 5—with adjustments for trends, abnormal conditions of production, and the State peanut acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established. Then it follows with the proviso that at no time can any State be given less

than 95 percent of the allotment they receive this year. Then the bill provides that after you make the allotment to the State, the individual allotment to the farms shall be made by the county committees, which, as you know, are now set up under the triple A and make allotments for cotton, corn, wheat, rice, and tobacco. It says that the local county committees shall make allotments to the individual farms on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut acreage allotments established for the farm under previous programs.

The bill then provides that each year—and for this year in order to take care of the situation within 30 days after this bill passes—but hereafter each year prior to the 1st of December the Secretary of Agriculture shall submit to the farmers a referendum on whether or not they wish this marketing quota to be established. If as much as two-thirds of the farmers vote for marketing quotas, the Secretary shall so proclaim, and it shall be in effect for 3 years. If more than one-third vote against marketing quotas, then it provides that no marketing quotas shall be in effect.

Now, the bill provides in the penalty section that if a farmer produces more peanuts than he has allotted acreage, he cannot harvest those peanuts in the edible trade unless he pays a penalty of 3 cents per pound or \$60 per ton, which is, you might say, almost a prohibitive tax. That is to say, if I am allotted 10 acres of peanuts and I should plant 20, I can harvest my 10-acre allotment into the edible trade, get the benefit of the Department's program, whatever price this reduced acreage will bring about, but if I endeavor to market the peanuts grown on the extra 10 acres, before I can do it I am subject to a tax of \$60 per ton. Then the bill provides that if you do not undertake to harvest the peanuts in the edible trade, you can be relieved of this 3 cents a pound tax, \$60 a ton tax, by turning the extra peanuts over to an agency designated by the Secretary of Agriculture, to be crushed into oil, which takes them off the market.

Senator AIKEN. What is the price of peanut oil?

Mr. PACE. 5¾ cents.

Senator AIKEN. You get about \$36 an acre then for oil—no, about \$18 an acre from the oil?

Mr. PACE. Now, Senator, you have to take this into consideration—how much do you figure it?

Senator AIKEN. I do not have it figured. You do not get much when you put an acre into oil.

Mr. PACE. No. Then I think you should bear this in mind—all the members of the committee should bear this in mind: While the bill says if you produce extra peanuts you can divert them to be crushed into oil, this bill does not seek to change, and cannot change at this time, the provisions of the Soil Conservation and Domestic Allotment Act, which provides that if you exceed your soil-depleting allotted acreage, you shall suffer a penalty. Well, the penalty now under the regulations for the excess production of peanuts is \$30 per ton. Therefore, when you go to figure what you get out of that acreage you must take that into consideration, that excess acreage.

Senator AIKEN. What is the meal worth?

Mr. PACE. \$20 a ton.

Senator AIKEN. You get \$16 or \$17 an acre if it goes to oil, and you get the meal?

Mr. PACE. You get 800 or 900 pounds of meal from a ton of peanuts.

Senator AIKEN. If you get 600 pounds of oil, what becomes of the rest of it?

Mr. PACE. Your peanut shells alone knock off about 200 pounds. You have got a lot of waste there.

Senator AIKEN. I had in mind shelled peanuts when I asked you how much oil you get from a ton.

Mr. PACE. We deal, Senator, with the farmer stock, which is 2,000 pounds of peanuts in the shell on the wagon, which includes the shells, and sometimes a certain amount of pebbles, which it is almost impossible to keep out.

Senator AIKEN. They are passed on to the consumer, those pebbles. I know they are, because I have bought them and paid for them.

Mr. PACE. I am sure that was unintentional. Therefore the bill provides that there shall be this penalty for excess production, and that you might be saved from it by turning the peanuts over to the Government agency. Of course, that, as you understand, is a policeman. We have to have a policeman somewhere to keep these extra peanuts from moving into the edible market.

Senator BANKHEAD. What is your basis of allotment after this year?

Mr. PACE. You mean nationally?

Senator BANKHEAD. Nationally; yes.

Mr. PACE. The national allotment in peanuts shall be——

Senator BANKHEAD (interposing). I do not mean for this year.

Mr. PACE. I do not mean for this year either. The national allotment for peanuts shall be proclaimed by the Secretary in terms of a total quantity of peanuts which will make available for marketing a supply of peanuts equal to the average quantity of peanuts harvested for nuts during the last 5 years, adjusted to trends and abnormal conditions of production.

Senator BANKHEAD. That is practically the same as cotton.

Mr. PACE. Yes; the bill follows that all the way through.

Senator ELLENDER. That is your language, Senator.

Senator BANKHEAD. Yes; I wanted to bring that out for these gentlemen.

Mr. PACE. Then the bill provides that if the farmers vote marketing quotas by more than two-thirds, they shall have the benefit of the program that they have had in the past, that if they voluntarily come in and surrender the acreage, they shall then have the benefit of either a diversion program or a loan program.

I would like to say in that connection, that it is admitted by everyone that a loan program alone would not solve the problem, because, as the Senator just pointed out, they are in a degree perishable commodities, and it must be supplemented by a diversion program, otherwise you would be caught with a perishable commodity, and that is the reason why the bill leaves it either in the discretion——

Senator BANKHEAD (interposing). Will you please explain what a diversion program means?

Mr. PACE. Well, a diversion program, Senator, in the past, as operated by the Department, means this: That when the Department saw there would be a surplus, through the Surplus Marketing Administration they have gone into the market, just as they have done—let

me give you a list of those. I think you will be interested—just as they have done for walnuts. I will give you the figures expended for walnuts last year, \$1,142,000; peanuts last year, \$1,280,000; rice was \$3,000,000; apples was \$9,000,000; oranges was \$4,000,000; prunes, \$4,000,000; raisins, \$5,000,000; evaporated milk, \$3,000,000; butter, \$12,000,000; eggs, \$15,000,000; pork products \$25,000,000. That is money. That does not include wheat and cotton, which are the two big items. So, just as in these other commodities, all over the Nation the Surplus Marketing Administration goes into the market and will buy up a certain quantity of peanuts in order to help remove some of the surplus, just like with raisins and other things. That was the amount, Senator, that was shown in the last report of the surplus marketing administration expended on those particular items. There are many others, such as vegetables and so forth, but I just used those as examples.

Then the Surplus Marketing Administration goes in and buys up quantities of peanuts and takes them out of the edible trade channels, so that the edible trade market will be at least the cost-of-production figure. Then they dispose of those. They in turn take those peanuts and sell them to the crushers, to be crushed into oil, to be diverted into oil, and that is where it gets its diversion program. And they take care of any difference in price, what they pay for the peanuts and what they are worth for crushing.

Now, there are quite a number of insignificant amendments to the triple A Act and I do not need to take the time of the committee with. It simply takes advantage of the present type of machinery in order to save cost and make it conform.

Senator ELLENDER. What provision have you made for the small growers of peanuts?

Mr. PACE. Well, what do you mean?

Senator ELLENDER. In the cotton program we have a minimum of so many acres.

Mr. PACE. We do not have that in this bill.

Senator ELLENDER. Why not? Why would it not be advantageous to protect the small grower?

Mr. PACE. We do have a minimum in this bill, that the provisions of this act shall not apply to peanuts produced on any farm in which the acreage harvested is 1 acre or less.

Senator ELLENDER. What is the usual acreage planted by the small farmer?

Mr. PACE. That depends on whether or not he is an old producer or a new producer.

Senator ELLENDER. My next question was going to be with reference to the new producers. What provision have you made for the new producer?

Mr. PACE. We have that in the House bill, and it will have to be added to the Senate bill. Usually a man starts to growing peanuts sort of on an experimental stage, Senator, and he has to establish a base. You understand peanuts under the Soil Conservation Act have been allotted in the past just like cotton. That is, if you were an old producer and had been producing a lot of peanuts, you got more acreage, you got a better percentage than I did if I just started, just like we did in cotton and like we do in rice.

Senator ELLENDER. But still in the cotton program we had a minimum of so many acres.

Mr. PACE. Yes; but you remember, Senator, that even on the minimum figure it can not exceed the greatest quantity of cotton you produced in the last 3 years.

Senator ELLENDER. That, of course, is to offset, to protect the old growers. But the provision was put in there mainly to take care of the smaller grower, who has been planting cotton probably all his life, so that he would not get less than a certain amount, no matter what the allotment would be, no matter what the acreage allotted to the State would be.

Mr. PACE. Of course, Senator, we have that problem up in our committee constantly, the distinction between the big producer and the little producer. I do not know how it is with your sugar area and rice area, but in my country——

Senator ELLENDER (interposing). We have the same thing in sugar. We have a minimum of 10 acres, or a third of 30. We have fixed that in every bill that I know of in the last 2 or 3 years, so as to protect the small grower, and I think it might be well that the farmers here get together and put something in there to protect the small grower.

Mr. PACE. You have to bear this in mind on this problem, Senator: If you were to provide that the minimum allotment for any producer was, say, 3 acres, then your total allotment might be many times more than 1,610,000.

Senator ELLENDER. We thought that of cotton, too, but it did not work out that way. We thought that of sugar cane, but it did not work out that way. The Department can fix it up some way whereby the little producer is taken care of.

Mr. PACE. Let me say this about the little producer, so far as the State of Georgia is concerned. We operate by what we call "plows." A plow is usually about 25 acres cultivated land with a man and a mule. We call it a "plow." A man may be operating 1 plow and I presume that in case you would refer to him as a new producer, while the Senator here may be operating 20 plows——

Senator ELLENDER (interposing). The question that I asked you with reference to small growers has nothing to do with new producers. That is something different. I was going to discuss that later.

Mr. PACE. But you call him a small operator, a man with one plow.

Senator ELLENDER. Yes.

Mr. PACE. Now, the Senator, we will say, operates 25 plows. The ordinary person, I think, would look upon the Senator as a big producer, but if to operate that 25 plows the Senator has 25 families, one family on the average to each plow, so many children in the family, 5 in the family, and they must live on that land, and my contention is that there should not be any distinction between the Senator with 25 families on his place and 1 man with 1 plow. Now, out in the level areas the Senator might take a couple of tractors and operate that 25 plows himself, but there he gets the sole benefit, and there should be a distinction in that case, but as long as he operates with a man and his family and a mule to each plow on his farm, he is entitled to the same minimum as the man who operates only 1 plow.

Senator ELLENDER. We took that into consideration when we discussed the cotton allotment, and I do not remember all the details, but that very question was gone into, that is, to make a distinction between the large farmer who actually leased his property or divided it up into as many farms as he has families, then he was protected.

Mr. PACE. We tried to take care of that, of course, under the general act, where you try to increase your allotments for benefit payments.

Senator ELLENDER. Have you any information for the record to show what the average acreage for each State is, and the number of acres, that is, the average number of acres that the small farmer plants?

Mr. PACE. I will give you the acreage for each State. Before we leave that, Senator, may I say this: In my study of the national situation, if you were to put into this bill a provision saying that a minimum allotment of 3 acres can be made to any producer, there would be no need of passing this legislation, because your surplus then would be greater than it has ever been. Now, the Senator does not live in one of these expanding areas. The State of Louisiana—I am going to give you those State figures—I say that because I do not think the Senator has had a chance to watch it like I have in my own State, where the area has been expanded, and the State of Alabama and the State of Texas.

Senator ELLENDER. I want to say that I do not claim to be an expert. I am just looking for facts.

Mr. PACE. I am going to give them to you, too, Senator. The acreage planted by States in the last year, 1940, is as follows:

The State of Virginia planted 164,000 acres; the State of North Carolina, 255,000 acres; the State of Tennessee 9,000 acres; the State of South Carolina, 19,000 acres; the State of Georgia, 663,000 acres; the State of Florida, 94,000 acres; the State of Alabama, 290,000 acres; the State of Mississippi 30,000 acres; the State of Arkansas, 23,000 acres; the State of Louisiana, 12,000 acres; the State of Oklahoma, 53,000 acres; and the State of Texas, 295,000 acres.

Senator BANKHEAD. Those are round figures?

Mr. PACE. Yes, sir.

Senator ELLENDER. Now, let us take the States with small acreage; how have they increased in the last 5 years?

Mr. PACE. I will give you that, Senator. For your own State of Louisiana, last year, 1940, there were 12,000 acres planted. The year before there were 13,000 acres—that is, 1939. In 1938 there were 13,000. In 1937 there were 11,000 acres. In 1936 there were 14,000 acres. In 1935 there were 13,000 acres, and in 1934, 14,000 acres.

In other words, there was no expansion in Louisiana. You planted less last year than the year before.

Senator ELLENDER. Now let us take the largest State.

Mr. PACE. Take Virginia.

Senator ELLENDER. Let us take your State, Georgia. That is the largest I have on this list. I just want to see how it has been.

Mr. PACE. In 1940 there were 663,000; in 1939, 650,000; in 1938, 590,000; in 1937, 507,000. I called attention a while ago that that was when we did not have cotton control. In 1936 it was 567,000; in 1935, 464,000; in 1934, 472,000.

Senator ELLENDER. Well, in those States that make peanuts one of the main crops, the trend has been to increase from year to year.

Mr. PACE. In all the States where they are produced in substantial quantity.

Senator RUSSELL. That is the reason this bill is here.

Mr. PACE. You see, Senator, there are four States—Louisiana, Arkansas, Mississippi, and South Carolina—in other words, your State last year produced only 3,000 tons of peanuts out of 806,000

tons. The farmers in Georgia received a price of \$65 for their 1940 crop. Your farmers received a price from \$80 to \$85, for the reason that you did not produce enough peanuts for your own home demand; therefore, to have gotten peanuts in they would have bought them in Georgia or Texas and shipped them in. So, while my farmers were getting about 3 cents a pound for their peanuts, your farmers were getting 4, 4.2, and 4.3

Senator ELLENDER. It strikes me you could speak of another reason why Louisiana gets a better price, because they have better peanuts. [Laughter.]

Mr. PACE. Well, I would not undertake to argue with you on that. It is true, though, Senator, that there has been rapid expansion and we are now faced with this one issue: The Department says they cannot go along with the surplus unless they have some idea what the surplus is going to be, and I am sure there is no question about that. So it means that unless this bill is passed or legislation of this type is passed, that this year your farmers and my farmers will be at the utter mercy of the oil market, and the oil market on peanuts is not near the cost of production. With this bill your farmers and my farmers will get the benefit of the Government's program on the peanuts produced on the allotted acreage, and then if you wish to produce any more, they must go into the oil market.

Senator ELLENDER. Now, Mr. Pace, will you put into the record, if you have not already done so, the tables from which you have just taken these figures, so as to have it for each State?

Mr. PACE. Yes; I will do that.

Senator ELLENDER. At this point in the record.

Mr. PACE. Very well.

(The table referred to is as follows:)

TABLE 4.—*Peanuts: Acreage picked and threshed, by areas and States, crops of 1928 to 1940*¹

[Thousand acres]

Area and State	Average 1928-32	Crop of—												
		1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939 ²	1940 ³
United States.....	1,298	1,213	1,262	1,073	1,440	1,501	1,217	1,488	1,473	1,606	1,500	1,708	1,859	1,907
Virginia area.....	389	379	389	357	410	408	320	398	381	379	405	408	424	428
Virginia.....	148	162	153	138	149	137	117	142	144	138	151	157	161	164
North Carolina.....	226	200	220	205	250	255	190	242	226	232	245	243	255	255
Tennessee.....	15	17	16	14	11	16	13	14	11	9	9	8	8	9
Southeast area.....	717	652	662	554	838	881	694	819	845	953	842	972	1,051	1,096
South Carolina.....	12	10	10	12	14	17	12	14	12	11	13	16	19	
Georgia.....	422	389	375	315	495	535	430	471	464	567	507	590	650	663
Florida.....	53	49	51	51	55	58	51	57	63	72	70	75	85	94
Alabama.....	210	192	213	161	251	235	169	240	272	276	230	265	270	290
Mississippi.....	20	12	13	15	23	36	32	39	32	26	24	29	30	30
Southwest area.....	192	182	211	162	192	212	203	271	247	274	253	328	384	383
Arkansas.....	14	9	11	10	17	23	23	27	23	18	17	20	20	23
Louisiana.....	9	7	8	8	10	14	12	14	13	14	11	13	13	12
Oklahoma.....	35	37	50	24	32	29	33	50	40	38	26	35	39	53
Texas.....	134	129	142	120	133	146	135	180	171	204	199	260	312	295

¹ Division of Agricultural Statistics, Agricultural Marketing Service.

² Preliminary.

³ Estimates as of Dec. 1, 1940.

Senator ELLENDER. Now there is a question about new producers, Mr. Pace, new growers. What provision has been made for that?

Mr. PACE. I have that right here, Senator. You will have to add to your bill. Turning now to new producers, Senator Ellender, on page 6, line 9—I will read it—"any acreage of peanuts"—that is not in your bill, Senator. You will have to follow me, because I am reading from the House bill, page 6, line 9—"any acreage of peanuts harvested in excess of the allotted acreage"—of course, that would apply where the new producer did not get an allotment, that would apply to him because he did not get an allotment and he had, say, 3 acres and planted more—

any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested, and the total increase made in farm acreage allotments in any year based on such excess acreage shall not exceed 2 per centum of the national acreage allotment for such year.

You recognize that as almost the same as the cotton language.

Senator ELLENDER. Yes; but did we not have 3 per cent there?

Mr. PACE. No; it was 2 percent.

Senator ELLENDER. I thought it was 3.

Senator RUSSELL. One of the bill did have 3.

Senator ELLENDER. It was 3 at one time, and we changed it to 2 on cotton.

Senator BANKHEAD. The penalty?

Senator ELLENDER. The new increase of cotton in the original bill was 3, and we came back and changed it to 2.

Senator BANKHEAD. Yes; that is my recollection, we finally adopted 2 percent.

Mr. PACE. Of course, Senator, that is the same problem we had in cotton, and I presume you had it in rice and sugar, the problem to preserve, as near as we can, some acreage for old producers, as they are the ones that have fostered the industry; therefore, under this bill a new producer would have to produce, for instance, three years before he would establish a base for an allotment. Then, when he has done that, you will not be able in any year to take away from the old producers more than 2 percent of the national allotment. All States agree, as I understand, that that is a reasonable provision; in fact, it was added in after the States got together and agreed upon it.

Now, I would like to call your attention, Senator, to one other provision, while you have a copy of the House bill. On page 5, if you will turn over, there is another provision written in for the protection of the States, which will apply to Louisiana and others, line 17, page 5.

Provided further, That for the second or third year of any three-year period in which marketing quotas are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percentage as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

That was written in for this reason: Some areas, maybe my area, would expand, and they felt, "Well, you are going to get all of that increase," so we have agreed that in an effort to promote harmony between the States, if there is an increase in the national allotment, your State and my State shall participate on the same percentage

basis. I cannot get it all and take it away from Louisiana, and Louisiana cannot get it all and take it away from me.

Senator, I believe that about covers the bill.

Senator BANKHEAD. Are there any questions, gentlemen of the committee, that you want to ask Mr. Pace?

Mr. PACE. There are quite a number of representative producers and producer representatives here.

Senator ELLENDER. I want to ask you one question with reference to this language you read from on page 6 of the House bill, line 9. That language seems to apply to all allotted acreage, not to any particular one. In other words, as I interpret that language, it may apply to old growers as well as new ones.

Mr. PACE. Yes, sir; it does.

Senator ELLENDER. Why should the old grower come into the picture in figuring this 2 percent national acreage allotment?

Mr. PACE. On account of the little fellow you were talking about a while ago. He does not get but an acre, and we give him the right to establish a base and increase that acreage and get two acres or three or four acres.

Senator ELLENDER. But suppose the old growers should increase their acreage over their allotment? Is that taken into consideration?

Mr. PACE. Oh, yes. But during those years, Senator, keep this in mind, the peanuts marketed off of that extra acreage cannot move into the edible trade.

Senator ELLENDER. I understand that.

Mr. PACE. They cannot get the benefit of the Government program.

Senator ELLENDER. And that applies the same to the new grower? Is that right? You are not giving them anything, then, if you penalize them.

Mr. PACE. Well, we provide here that he must get into the peanut-producing business. He cannot come out one year and say "give me an allotment."

Senator ELLENDER. No; I am not contending for that—do not misunderstand me—but you provide a 2 percent of the national acreage allotment.

Mr. PACE. Not exceeding 2 percent.

Senator ELLENDER. Now, you make that excess apply not only to these new growers but to your old-time growers.

Mr. PACE. Well, it will not affect the old-time growers. It will affect the man that has not been planting peanuts for 2 or 3 years. You have men in your State that have just started growing peanuts. Well, he is not exactly a new producer, but he gets an insignificant allotment. You probably have producers in your State who get half an acre allotment. Well, we provide here that if he wants to increase that he can increase it for a 3-year period, and then he has established a historical base upon which he gets a larger acreage allotment. I do not think you could afford to cut a new producer out or cut what you call an old producer out. You do not do it in cotton. You do not do it in anything.

Senator ELLENDER. I am not trying to do that, but as I understand this language here, this excess acreage is to apply to old producers too. In other words—listen to it—

Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year—

That means old or new—

shall not be considered the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested, and the total increases made in the farm acreage allotment in any year, based on such excess, shall not exceed 2 percentum of the national acreage allotment for such year.

Now, in the distribution of this 2 percent that you are supposed to set aside for brand new producers, you also take into consideration old producers.

Senator BANKHEAD. I do not understand what you mean by "take into consideration."

Mr. PACE. But what is the difference between an old producer who now gets, let us say, half an acre—are you going to freeze him to half an acre and say he can never get any more, when you take a man who has never grown peanuts in his life and give him an allotment?

Senator ELLENDER. But suppose you have an old producer who has 5 or 6 acres, and he exceeds that acreage? You have him here in this picture.

Mr. PACE. There is no way in the world to keep him out, that I know of.

Senator ELLENDER. I think you kept him out of cotton. Of course, the reason for that is he had a minimum of so many acres.

Mr. PACE. That is the difference, but it strikes me that some language——

Senator RUSSELL (interposing). The program, too, makes it more difficult in the case of peanuts, because in cotton there is a penalty on all the excess production. There is no direct penalty on the excess production here, other than the loss that the man sustains by virtue of selling his peanuts at the oil price rather than the edible price.

Senator ELLENDER. What I am trying to point out, and what I am trying to discuss now is something that I am sure will be asked on the floor of the Senate. Senator Bankhead remembers that that was one of the chief contentions when we brought the cotton bill up, about small, new growers.

Senator BANKHEAD. You made it that way.

Senator ELLENDER. Yes; I know that. But also you may be confronted with the same situation with respect to peanuts, and we ought to make the bill as little contentious as possible.

Mr. PACE. Yes; I think we ought to.

Senator BANKHEAD. Suppose we get through with these other gentlemen. Then we will get to that. We are glad to have your views, of course, Mr. Pace.

Mr. PACE. Let me point out the fact here in the case of cotton, the 3 percent set aside for the producers is the old producers that do not get over 15 acres. You are taking care of the old producers here in cotton.

Senator ELLENDER. If you look into that bill you will find that after cotton was allotted to a producer, this 2 percent was not to form a part of anything that he was to get in the future. It was set aside solely for new producers.

Mr. PACE. That appears to be correct.

Senator RUSSELL. That is right. It went into the pool.

Senator ELLENDER. That 2 percent went into the pool, and why can you not make the same thing apply to peanuts?

Mr. PACE. But you took another 3 percent and set it aside for the old producers to increase their allotment.

Senator ELLENDER. Well, I don't remember the details.

Senator BANKHEAD. No; I think you are wrong about that, Mr. Pace. The 3 percent was just taken out of the total and divided up among the old producers.

Mr. PACE. The section provided that not more than 3 percent of the amount remaining after making the allotment, provided that the minimum allotment shall be allotted upon such basis as the Secretary deems fair and equitable to the farmer, to which an allotment of not exceeding 15 acres may be made under the provisions of this subsection.

Senator BANKHEAD. That is intended to divide that up with small farmers under 15 acres.

Mr. PACE. But old producers.

Senator BANKHEAD. Yes; but not big producers. Give that much to the 15-acre producers or under. But that was not a change otherwise.

Mr. PACE. With respect to the Senator's comments, I would like this to go into the record, that if all of the old producers were now on an equitable basis, then it would be possible to reserve an acreage purely for new producers, but inasmuch as there are many old producers whose acreage is entirely out of line, it would be most unfortunate to confine any new allotments merely to new producers.

Senator RUSSELL. For the benefit of the record I think it should show the views of the Department on this, Mr. Pace.

Mr. PACE. Senator, may I say that the report of the Department on the Senate bill is identical with the report of the Department on the original House bill; that all of the criticisms and comments of the Department on the House bill were met in the committee; therefore, as I see it, the report that we are most interested in now is the report of the Department on the House bill, since it passed the House because we accepted for the most part the comments of the Department as to administrative changes.

Senator ELLENDER. Mr. Pace, I suppose we have in the record and will have before us the original bill as you introduced it, and I suppose the same as the one that is before us now?

Mr. PACE. Identical.

Senator ELLENDER. And suppose you place in the record the recommendations of the Department.

Senator BANKHEAD. We have that here. We have the report.

Senator RUSSELL. What I wanted to make clear is that the Department is in favor of the control program on peanuts.

Mr. PACE. And the Department is also in favor of the farmers voting to reduce their acreage.

Senator BANKHEAD. Let me put this statement in the record. The report which is available to the committee winds up with this:

With the modifications along the lines suggested above, the Department recommends the bill be enacted.

Senator ELLENDER. And those modifications were the ones you made in the House bill?

Senator BANKHEAD. They are set out here in this report.

Mr. PACE. With one exception; yes.

Senator BANKHEAD. If there are no further questions we will now hear these gentlemen from the various States. Mr. Parker, will you state your name and address and whom you represent?

STATEMENT OF W. T. PARKER, WAVERLY, VA., MANAGER OF THE GROWERS PEANUT COOPERATIVE, VIRGINIA-NORTH CAROLINA

Mr. PARKER. Mr. Chairman, my name is W. T. Parker, Waverly, Va. I am a farmer and manager of the Growers Peanut Cooperative, Virginia-North Carolina. It is the Virginia area but it takes in both sections.

Senator BANKHEAD. You are manager of that cooperative?

Mr. PARKER. Yes, sir.

Senator BANKHEAD. Does your association favor this bill?

Mr. PARKER. Yes, sir.

Senator BANKHEAD. Have you anything further that you wish to add?

Mr. PARKER. No, sir.

Senator BANKHEAD. You represent the peanut growers of Virginia and North Carolina, and they are in favor of the bill?

Mr. PARKER. Yes, sir.

Senator BANKHEAD. Now, we will not call on North Carolina, unless there is someone here from that State who wants to say something.

STATEMENT OF R. C. HOLLAND, CAMDEN, N. C., PRESIDENT, PEANUT STABILIZATION COOPERATIVE, INC.

Mr. HOLLAND. Mr. Chairman, I would like to make a brief statement for North Carolina.

Senator BANKHEAD. Have you got anything to supplement what Mr. Pace has said?

Mr. HOLLAND. There is one phase of it that I want to pass on to the committee. I am speaking as a farmer and also as a representative of farmers.

Senator ELLENDER. Are you for the bill or against it?

Mr. HOLLAND. I am for it. I am a farmer. I have been growing peanuts for the commercial trade for the past 15 years. I am now, and have been for the past 4½ years president of Peanut Stabilization Cooperative, Inc., a producer farmers' cooperative association that was set up in North Carolina by the peanut farmers of that State.

That association has a present membership of around 3,500 peanut farmers. At least 98 percent of these members are peanut farmers of North Carolina.

The association during the past 4 years has made a careful study of the farm programs made available to the farmers of North Carolina as they have particularly affected the interests of these peanut farmers; and has provided these peanut farmers with the information resulting from these studies.

In addition to this and other activities that association has undertaken to keep the peanut farmers of North Carolina fully advised with respect to proposed legislation, both State and Federal that might affect their interests as peanut farmers; and has through its officers, on many occasions, spoken for the peanut farmers of North Carolina concerning these legislative matters.

There are 11 directors of Peanut Stabilization Cooperative, Inc., who manage and direct the affairs of the association. All of these directors grow peanuts for sale to the edible trade and come from the 11 major peanut producing counties in North Carolina.

I am authorized by 10 of these directors—the eleventh director has not been consulted with respect to this statement—to say for Peanut Stabilization Cooperative, Inc., that it approves and endorses H. R. 3546, in general, but that it would like to see the bill changed in some respects to meet the expressed wishes of large numbers of peanut growers in North Carolina and the demands of equable treatment between the grower groups in all of the commercial peanut-producing areas. Such changes in the bill as appear necessary to meet these requirements, will be suggested to the committee by Senator Bailey at the proper time.

Senator BANKHEAD. You had better get him here if you want him to testify. We are not going to hold this hearing open indefinitely.

Senator SMITH. What does Senator Bailey know about peanut growing? [Laughter.]

Mr. HOLLAND. He is a peanut grower.

Senator SMITH. And a politician too.

Mr. HOLLAND. I will say, Mr. Chairman, he used to be against control, but it is my understanding that he is for the principles of this bill.

Senator BANKHEAD. If you want him to address the committee you had better get him here.

STATEMENT OF J. MAYON PARKER, AHOSKIE, N. C., PRESIDENT, GROWERS PEANUT COOPERATIVE, INC.

Mr. PARKER. My name is J. Mayon Parker, of Ahoskie, N. C. I am a peanut grower and am president of the Growers Peanut Cooperative, Inc., the agency that this year has handled the diversion program for the Government in North Carolina, Virginia, and Tennessee.

We favor this bill, as do all the farmers that I have been in contact with. They favor it and want it enacted.

Senator BANKHEAD. Very well, sir. Now is there someone here from Georgia?

STATEMENT OF ROY E. PARRISH, CAMILLA, GA., GENERAL MANAGER OF THE GEORGIA-FLORIDA-ALABAMA PEANUT AS- SOCIATION

Mr. PARRISH. Mr. Chairman, my name is Roy E. Parrish, Camilla, Ga. I am general manager of the Georgia-Florida-Alabama Peanut Association, a peanut growers cooperative organization composed of 35,000 peanut producers, approximately 20,000 of whom are in Georgia, 10,000 in Alabama, 5,000 in Florida, several hundred in South Carolina, and a few in Mississippi.

This organization is owned and controlled by producers, governed by a board of directors composed of seven peanut producers, three from Georgia, three from Alabama, and one from Florida, all of whom are in the room.

I am also president of the National Peanut Council, an over-all organization of the entire industry of the Nation, which has for its goal the increased consumption, increased sales of peanuts, finding new uses and engaging in research work on peanuts. But I do not testify for that organization in any manner whatever in connection with this legislation.

We were among the leading figures originally in the drafting of this legislation. We have been engaged during the past 4 years in the operation of surplus removal and diversion programs, throughout the Southeastern States. From this past crop we have handled more than \$16,000,000 worth of peanuts through the program and through our organization in that area, and have served approximately 40,000 peanut growers, in making possible the benefits of this program.

I do not want to engage in lengthy testimony, Mr. Chairman, but I would like to say a word about how this program has operated and why it is so desirable, that while we put forth such strenuous efforts to preserve it, this legislation is the result of the efforts of the peanut producers to preserve the program that they have had during the past 4 years, which has been a loan and diversion program, but primarily a diversion program. The diversion program has operated through the medium of a program promulgated by the surplus marketing administration in the form of an offer extended to associations of producers and peanut cooperatives, which will permit those organizations to divert peanuts into oil, provided they have paid certain minimum prices to producers for those peanuts and have complied with the regulations of the Secretary under the program.

There was made available to us also a loan from the Commodity Credit Corporation, which would permit us to purchase the peanuts and to carry them until such time as they could be diverted into oil or disposed of back to the trade, if needed, without loss.

This program was operated so satisfactorily that during the past 2 years my organization has borrowed the money from private banks with which to finance the purchase of the peanuts from the producer and carry them until such time as they could be diverted into oil under the offer of the Secretary, and claim made against the Government for the loss.

We realize that the production of peanuts has grown because of our having created a favorable situation for the peanut grower, grown to such an extent that we can no longer expect to preserve the program we have had to an extent which we feel is necessary for the protection of the income of the peanut producer; therefore, much as we dislike to be controlled in our production, we recognize that it is a necessity if we are to preserve the program we have enjoyed; consequently this bill is the outgrowth of that effort to preserve this program, and in order that we may continue to have it without an expensive, exorbitant cost to the Government. Furthermore, with such a program we have an ultimate goal, the elimination of the need of a Government subsidy, and if this program is properly given to us in the form that we want it, with the control features provided in the bill, we feel that eventually, through our strenuous efforts in finding new uses and new outlets for the peanut, on which we are spending a considerable sum of the producers' money, we can perhaps eliminate the need for the Government subsidy to a very marked degree, perhaps entirely.

Senate bill 826 has been approved by our organization, our group in the Southeast, and that, of course, is about the bill, I understand, that is before the committee at the present time. There were some changes made in the Committee on Agriculture in the House, which my organization felt were not altogether complete and were for the protection of the producer, and which in some respects were not conducive to a continuance, or which would not permit the continuance

of an orderly program such as we have had in the past, but Mr. Pace, who has just covered the peanut situation extensively, and certainly very accurately, has prepared certain amendments which I understand have been handed to this committee, which in our opinion, if we have read them correctly, make the House bill acceptable to our group.

Senator RUSSELL. The Senate bill is acceptable, is it not?

Mr. PARRISH. The Senate bill is acceptable, except for one little thing that I would like to mention in just a few minutes.

I would like to say this about our diversion program. I think it is very necessary for the record for this reason: We are proud of the diversion program, because it does not put every peanut producer on the hands of the Government for a subsidy. There is a marked difference between the peanut program of the past 4 years and the other program to benefit producers promulgated by the Department.

The Department has made this offer to these cooperative associations; they in turn have gone out and made a broader offer still to the producer and set up in every producing area receiving stations whereby the benefit of these minimum prices promulgated by the Secretary in connection with this offer may be made available to every small producer without causing him to have to haul his peanuts to an unreasonable distance, or causing him to have to spend a considerable amount of money to avail himself of the benefits of the program. The cooperative associations, being owned by the producers and cooperative in that nature, have taken losses in certain areas to make the benefits available; whereas, in other areas they have had quite a volume and they have more than paid their way in those areas. The spirit of a true farmer cooperative is that there shall be sacrifice on the part of some to help the more unfortunate. In other words, it is the true spirit of cooperation, and that is one element that has made the operation of these programs in the past so highly satisfactory to the peanut producer. The diversion program, by the very reason of our ability to go into each area and say to the producer: "You can receive \$65 for your peanuts, which is the minimum price, by bringing them to this concentration point, this warehouse or receiving station which has been provided, and you can get your money when you come to town." In other words, it is one program that pays the farmer when he comes to town with his commodity. And it was done by means of a financing program, coupled with the offer of the Secretary to share the losses or take certain losses later on when we had complied with the requirements of the diversion regulation. The banks in our area have been quick to help us in this respect. We have borrowed money at very attractive rates of interest, less than the rates, by the way, a good deal less than the rates charged by the Commodity Credit Corporation.

We take \$1 of Federal subsidy and make it produce from other sources through normal channels or trade at least \$6. As an illustration, Mr. Pace's home county—Sumter, Ga.—in 1938, the total income, I would say, from cotton production and peanut production in his county were about comparable, about the same number of acres, less than 1,000 acres difference. Of the total income to the producers in his county from cotton in 1938 more than 44 percent consisted of Government subsidy payments. According to the figures of his county agricultural agent, the total income to his peanut

producers for the same year was approximately \$100,000 more than the income to his cotton producers from about the same acreage, but only 11 percent consisted of Government subsidy. That included both the soil conservation benefits to the producers and their pro rata share of the cost of the diversion program. By reason of the fact that these associations in the operation of this program have made wide offers to producers, and in many cases it was not necessary to buy the peanuts; the normal trade would take them at prices equal to or higher than the diversion minimum prices.

As an illustration, in some counties we had to make very heavy purchases in order to support the market, support producer income. In other counties we had to make relatively no purchases.

As another illustration of how effective the diversion program is, we will take the year 1939, when we had in that year the highest acreage of peanuts and the largest prospective production in the history of the industry. We had very disastrous weather conditions in the southeast. The southeastern crop was cut only about 65 percent of the normal, which in itself practically eliminated the surplus of peanuts. In other words, nature took care of it. In that year it was only necessary for the diversion program to expend a total in the United States of around \$699,000, whereas there had been set up in the Department more than \$6,000,000. I do not know the exact figure, but I am sure it was more than \$6,000,000 which was unused.

A further significant fact is that during the 4 years in which this program has been promulgated, there has been turned back to the Treasury from the amount which had been earmarked or allocated by the Secretary, many millions of dollars unused because of the fact that the needs as they were finally determined were less than those determined when the program was promulgated. The main thing about this program, Senator, is that it expends only the amount of money necessary to maintain the producer's income.

Another type of peanut program would be a subsidy to every grower, and of course a subsidy to every peanut grower would run the cost to the Federal Government into tremendous proportions. It is a \$50,000,000 crop. So we feel that a continuation of the present type of program, that is, a combination of loan and diversion program, is absolutely essential to the preservation of the present satisfactory status of the peanut program.

Mr. Pace has explained to you the provisions of the marketing quota and so forth. As I said, I would not have anything to say about those, because I think they have certainly worked out to fit the actual needs.

There is one thing that we would like to emphasize and emphasize, and that is this: There may be something said about the fact that we have created some peanut oil in connection with these diversion programs. The first year this program operated was in the year 1937, when there was collected more than \$2,000,000 import duties on peanut oil coming into this country from Manchuria from the Dutch interests, and through Japan. The entire cost of the peanut program for that year was less than the amount of duty collected on importations of foreign peanut oil. Now foreign peanut oil is no longer poured into this country at that rapid pace, because we have made available, by reason of this diversion program, each year approximately a sufficient quantity of peanut oil to take care of the normal needs for oil in this country.

I want to say this about peanut oil: it is a specialty oil, a premium oil, and according to the information we had developed, the highest grade vegetable oil that can be produced in the United States. It is being substituted to a very considerable degree for olive oil, which formerly came from Spain. It is being used in new preparations now. It is being used at the present time by pharmaceutical manufacturers as a carrier for certain very important drugs which are injected into the human muscle, for instance adrenaline chloride. Peanut oil is now used as the carrier for those injections because it prolongs the effect of the drug by three times what it has been in the past. So we feel that we have a special field for peanut oil that has not yet been tapped, and that goes hand in hand with our diversion program. In other words, it will be a controlled supply.

The present program, as we say, has been so satisfactory that we have expended a considerable amount of money and time and effort in order to help prepare this legislation and to get it before you gentlemen. With the amendments handed to Senator Russell by Mr. Pace, we think that the House bill could be made acceptable to us. We would, however, like to see incorporated in this legislation the standard provision which is commonly put in control legislation with reference to farmer-owned cooperatives. I have reference, for instance, to the provision which appears in section 8 of the Soil Conservation and Domestic Allotment Act, and I think it is applicable in this case. In carrying out the provisions of this section we would suggest this amendment:

The Secretary shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations, as will be in harmony with the policy toward cooperative associations set forth in existing Acts of Congress, and as will tend to promote efficient methods of marketing and distribution.

Senator RUSSELL. The amendment suggested by Mr. Parrish would apply to this law?

Mr. PARRISH. This particular wording, though, Senator, refers to section 8, part 1, as I see it. We are only interested, however, I would say, in having that provision applicable to this amendment.

I thank you, gentlemen.

Senator BANKHEAD. Now, is there someone here from Florida?

STATEMENT OF WALTER B. ANDERSON, GREENWOOD, FLA., DIRECTOR, G. F. A. PEANUT ASSOCIATION

Mr. ANDERSON. Mr. Chairman, my name is Walter B. Anderson, farmer, and director of G. F. A. Peanut Association.

I think Mr. Parrish has properly presented our case, and we are heartily in favor of the bill with the amendments he has suggested.

Senator BANKHEAD. Is there someone here from Alabama?

STATEMENT OF W. B. CRAWLEY, BANKS, ALA., PRESIDENT, G. F. A. PEANUT ASSOCIATION

Mr. CRAWLEY. Mr. Chairman and gentlemen, my name is W. B. Crawley, farmer, president of the G. F. A. Peanut Association. That is the Georgia-Florida-Alabama Association. We have held meetings in Alabama on this bill, and our farmers, I would say, are 100 percent for the bill as originally written and as introduced by Senator Bankhead

As for details, Mr. Parrish represents our association down there, being a 3-State set-up, and I do not think I can add anything further, except to say that our farmers are for this bill.

Senator BANKHEAD. Now is there anyone here from Mississippi? (No response.)

Is there anyone here from Tennessee? (No response.)

Is there anyone here from Louisiana? (No response.)

Is there anyone here from Texas? I see there are five or six from Texas, and will you select your speaker, and we will be glad to hear him.

STATEMENT OF DICK WICKES, GORMAN, TEX., MANAGER, SOUTH-WEST PEANUT GROWERS ASSOCIATION

Mr. WICKES. Mr. Chairman, my name is Dick Wickes, manager of the Southwestern Peanut Growers Association, serving Texas, Oklahoma, New Mexico, and Louisiana, and having 8,000 members.

I will just say that we endorse the original bill that we testified on before the House subcommittee, and we are heartily in accord with the statement made by Mr. Parrish.

Senator BANKHEAD. That bill you are talking about is the same as the Senate bill?

Mr. WICKES. The same as your Senate bill 826.

Senator BANKHEAD. And your association favors that bill?

Mr. WICKES. Yes, sir.

Senator ELLENDER. How about the amendment?

Mr. WICKES. The amendment as offered by Mr. Parrish, we are all in favor of that amendment; yes, sir.

Senator ELLENDER. How many members have you from Louisiana?

Mr. WICKES. Very few, Senator, because that acreage down there is scattered so badly you can not get enough of it concentrated in one place.

Senator ELLENDER. You do not have any large peanut growers in Louisiana, do you?

Mr. WICKES. No, sir.

Senator ELLENDER. Just small acreages, 2 or 3 acres?

Mr. WICKES. Correct.

Senator BANKHEAD. Is there anyone here from Oklahoma or from any other State now growing peanuts that is represented here and that I have not called?

Mr. PACE. May I say, Mr. Chairman, I have asked everyone present to sign his name and official capacity to this list, and I would like it to go into the record at this point.

Senator BANKHEAD. We will be glad to put it in the record. Those are people here interested in the program and who favor the bill?

Mr. PACE. That is right.

(The list referred to follows:)

J. Mayon Parker, Aboskie, N. C.

R. Hunter Pope, grower, Enfield, N. C.

W. T. Parker, grower and manager, Growers Peanut Cooperative, Waverly, Va.

J. E. Winslow, president, North Carolina Farm Bureau, Greenville, N. C.

R. E. Holland, president, Peanut Stabilization Cooperative, Inc., Edenton, N. C.

J. W. Kieve, vice president, Georgia-Florida-Alabama Peanut Association, Albany, Ga.

W. W. Flye, peanut grower, Battleboro, N. C.

- A. M. Turner, peanut grower, Farm Bureau member, Tarboro, N. C.
L. E. Hassell, director, Peanut Stabilization Corporation, Inc.
H. P. Foxhall, peanut grower, Tarboro, N. C.
R. T. Beal, peanut grower, Enfield, N. C.
Wm. F. Dickson, N. C.
P. F. Weaver, director, Grower Peanut Cooperative, Emporia, Va.
H. E. Gouzzard, secretary and director, Southampton Farm Bureau, and
peanut grower, Drewryville, Va.
L. L. Thorpe, director of Growers Peanut Cooperative, Newsome, Va.
Sam N. Clark, Tarboro, N. C.
J. L. Trammell, peanut grower, and director, Georgia-Florida-Alabama Peanut
Association, Sumner, Ga.
J. D. McGee, director, Georgia-Florida-Alabama.
D. S. Payne, technologist, Surplus Marketing Administration.
W. L. Cerabo Paen Geddy, County Farm Bureau.
Conrad Schaefer, director, Southwestern Peanut Growers Association, Rising
Star, Tex.
Dick Werkes, manager, Southwestern Peanut Growers Association, Gorman,
Tex.
J. D. Sargent, president, Southwestern Peanut Growers Association, Tolar, Tex.
Myrtle A. Young, statistician, surplus marketing administration.
Harold J. Clay, Market News, Agricultural Marketing Service, United States
Department of Agriculture.
T. D. Robinett, director, Southwestern Peanut Association, De Leon, Tex.
J. E. Brite, director, Southwestern Texas Peanut Association, Texas.
P. L. Hoyt, director, Southwestern Texas Peanut Association, Katy, Tex.
J. B. Latimer, Southwestern Peanut Association, Albany, Ga.
J. H. Bryson, Dothan Oil Mill, Dothan, Ala.
Jno. P. Wise, grower, and Georgia-Florida-Alabama Peanut Association, Opp,
Ala.
W. T. Hunnicutt, vice president, Growers Peanut Cooperative, Virginia-North
Carolina.
C. R. Barlow, Isle of Wight Farm Bureau, Virginia.
G. A. Starke, Isle of Wight Farm Bureau, Virginia.
D. R. Bishop, Surplus Marketing Administration.
W. A. Gwaltney, Surplus Marketing Administration.
W. J. Lavery, Curtis Candy Co., Chicago, Ill.
Ed Stevens, Dawson, Ga.
T. W. Williams, farmer, and Nash County Commissioner, Battleboro, N. C.
J. J. Moore, The Southern Cotton Oil Co., Atlanta, Ga.
H. G. Shelton, farmer, Speed, N. C.
W. R. Everett, director, North Carolina Peanut Growers, Palmyra, N. C.
J. D. Gardner, attorney for Georgia-Florida-Alabama Peanut Association,
Camilla, Ga.
Erle Coker, peanut farmer and banker, now making advances to producer
cooperative under present program, Fulton National Bank, Atlanta, Ga.
W. B. Crawley, farmer, president, Georgia-Florida-Alabama Peanut Associa-
tion, Banks, Ala.
W. B. Anderson, farmer, director, Georgia-Florida-Alabama Peanut Association,
Greenwood, Fla.
T. M. Borland, farmer, director, Georgia-Florida-Alabama Peanut Association,
Pineknard, Ala.
W. J. Eason, farmer, Tarboro, N. C.
J. B. Fearing, director, Growers Peanut Cooperative, Inc.; Peanut Stabilization
Cooperative, Inc., Windsor, N. C.
C. W. Struill, farmer, Windsor, N. C.
R. V. Knight, farmer, director, Growers Peanut Cooperative, Inc.; director,
Peanut Stabilization Cooperative, Inc.; Tarboro, N. C.

Senator ELLENDER. I would like to ask these gentlemen from North Carolina here, the ones who have signed this list, suppose that the committee should not agree to the suggestions by Senator Bailey, would you still be for the bill?

Mr. R. E. HOLLAND, Edenton, N. C. Senator Bailey will be authorized to speak for us.

Senator BANKHEAD. Now, is there anyone here who wants to oppose the bill? If you want to oppose it we want to give you all the time you need.

STATEMENT OF C. WAYLAND STRUILL, WINDSOR,

Mr. STRUILL. Mr. Chairman, my name is C. Wayland Struill, Windsor, N. C., better known as Cousin Will. I am a farmer. I grow cotton, corn, peanuts, tobacco, small grains, especially peanuts. I wore all the hair off the top of my head pressing against the cow's side, jerking milk out of them.

Mr. Chairman and gentlemen of the committee, we want a bill for the peanut growers of the South, and I know by reputation that the chairman and the other members of this committee are going to thoroughly examine this bill and see that every State is taken care of properly. We want a bill to relieve the poor, destitute peanut farmer of the South, and all the State of North Carolina is asking for is that we be given our allotment of peanuts according to the past years, and have handed out to us just exactly what we are entitled to and not another acre, and that is all that anybody else can ask for.

Senator ELLENDER. Is that not the purpose of this bill?

Mr. STRUILL. Yes, sir; that is the purpose of this bill, and I leave it entirely with you gentlemen, because you are certainly going to look out for the great State of Louisiana, and I know that these other gentlemen will look out for the States they represent, and also the people of the entire Nation.

Senator RUSSELL. You understand, Cousin Will, that this bill provides the acreage and fixes allotments pretty much like is done in the case of cotton and tobacco?

Mr. STRUILL. Yes; and I know you will look up the statistics and see that it is all fairly passed out, and then the great State of North Carolina will be perfectly satisfied.

Senator BANKHEAD. In other words, you are for just whatever we do about it? [Laughter.]

Mr. STRUILL. Yes, sir; we have got to be. But we will be glad, at any time you want to know anything on it you can call on our Congressman and my good friend Carl Toomey, who no doubt one day will be sitting at this table. He will inform you anything you want to know about peanuts.

Senator ELLENDER. We do not know what amendments Senator Bailey desires to propose, but I understood a while ago it was to increase the acreage of South Carolina to quite an extent.

Mr. STRUILL. If you look up the statistics and find we are entitled to it, we will be glad to have it.

Senator BANKHEAD. I am going to try to get action on the bill in the morning. Senator Bailey will have an opportunity then if he wants to be heard.

Mr. Edward A. O'Neal, president of the American Farm Bureau Federation, was here at the opening of the hearing. He had to leave, but he left a prepared statement that I will put in the record. He points out that the American Farm Bureau Federation, at its last annual convention in Baltimore, approved of this program, and specifically the bill introduced by me, S. 826. He concludes his statement with this sentence:

We urged this committee to vote a favorable report on the Bankhead bill, retaining all the essential features of it, which will aid the growers effectively in production and marketing.

I will put the entire statement in the record, showing the approval of the American Farm Bureau Federation.

(The statement referred to follows:)

STATEMENT OF EDWARD A. O'NEAL, PRESIDENT OF THE AMERICAN FARM BUREAU FEDERATION, BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, MARCH 10, 1941, RELATIVE TO S. 826 INTRODUCED BY SENATOR BANKHEAD, PROVIDING MARKETING QUOTAS FOR PEANUTS

The peanut farmers of America have been faced, for several years, with a surplus production and the Department of Agriculture has been trying to assist them during this time with peanut-diversion programs. There has been no adequate way for them to control their production because of the absence of control legislation.

At the annual convention of the American Farm Bureau Federation, held in Baltimore, Md., last December, peanut farmers brought their plight to the attention of the convention and after appraising the matter, the convention adopted the following resolution:

"That we recommend that the federation go on record to give its support to peanut legislation to establish marketing quotas, to amend present laws or the enactment of new laws that would provide the peanut growers an opportunity to vote quotas on themselves in such manner as they determined, so long as it would not affect the rights of producers of other crops."

The bill introduced by Senator Bankhead—S. 826—which amends the Agricultural Adjustment Act of 1938, providing a new part VI, entitled "Marketing quotas—Peanuts," sets forth the general principles which we believe will accomplish the desired amendment to aid peanut producers.

It has been the policy of the American Farm Bureau Federation to aid growers, who desire legislation, to bring about control of their production and marketing to meet their surplus problems. We believe this is the most effective way to grapple with surpluses.

Peanut-control legislation has been approved and endorsed by nearly every state farm bureau where peanuts are produced. They have given careful consideration to the principles of this bill, S. 826, and to the companion bill introduced in the House by Congressman Pace—H. R. 2983.

We urged this committee to vote a favorable report on the Bankhead bill, retaining all the essential features of it, which will aid the growers effectively in production and marketing.

Now, the president of the Farm Bureau of North Carolina is here and wants to take just a moment.

STATEMENT OF J. E. WINSLOW, GREENVILLE, N. C., PRESIDENT, NORTH CAROLINA FARM BUREAU

Mr. WINSLOW. Mr. Chairman, I just want to bring out the point that the American Farm Bureau is behind this legislation and the North Carolina Farm Bureau also is behind the legislation, and we ask speedy passage of the act so that we can get it before the farmers at once.

Senator BANKHEAD. Now, gentlemen, that concludes the hearings. We will not have time to act on the bill today, but I am going to call a meeting for tomorrow morning, so we will adjourn now until tomorrow at 10:30.

Senator RUSSELL. That will be an executive session?

Senator BANKHEAD. An executive session; yes.

I will announce to those attending the hearings that everybody is now released from further attendance, as the meeting tomorrow will be confined to members of the Senate.

STATEMENT OF WILLIAM J. LAVERY

First: I desire to call your particular attention to the declared policy of the Agricultural Adjustment Administration of 1938 as amended which imparts to the committee the absolute responsibility of seeing that all parties involved in the proposed bill S. 826 be treated with equal fairness.

I submit that in its present form S. 826 does not protect the consumer in any way. I do believe that even in 1941 we should not overlook the need for sincere honest consideration under the law.

Second: S. 826 and a companion bill, H. R. 3546, in effect declare peanuts to be a basic commodity.

I submit that peanuts do not have one characteristic to earn recognition as a basic commodity. A commodity to be basic must be essential—peanuts are not essential in any sense of the word.

Third: H. R. 3546 carried a proviso among other things. That loans may be made on peanuts at not less than 52 percent and not more than 75 percent of parity.

What is parity?

The report accompanying H. R. 3546 quotes parity as being 6.1 cents per pound. The Agricultural Adjustment Administration cannot substantiate these figures for the reason that they have been compiled for the years 1909-14, when peanuts were raised primarily as hog feed and had no commercial standing. Peanuts as a commercial crop certainly were unknown until 1917 and a more nearly correct period upon which to base figures would be the years 1919-29.

There is enclosed a copy of the Midmonth Local Market Price Report issued December 30, 1940. The parity price of 6.1 cents per pound for peanuts on December 15 is shown on page 23 of the report. I quote from a letter of the Agricultural Statistics, United States Department of Agriculture, dated March 4, as follows: "Publication of parity prices of peanuts was discontinued in January pending a reconsideration of the base period used in the computation of parity prices for that commodity."

Fourth: In the hearings before both Committees of Agriculture the inference has been made that the cost of production of peanuts is about \$60 per ton. Noting in the way of figures has been offered in testimony to substantiate this assertion. A truthful statement for the proponents to make in this regard is that the figure represents pure guesswork. That the motive behind the guess is an effort to make the income from less than 1½ million acres replace the income lost by the reduction of cotton acreage.

In this regard may I suggest that if peanuts were used for oil only—if there was no edible market at all—can you imagine any group appearing before your committee in an effort to convince you that the cost of production was nearly 200 percent of the selling price, and that based upon such a premise, you should recommend to the Congress that the Government should guarantee the difference.

Yet because converters have had the courage to endeavor to find new uses for this nonessential commodity as their contribution to the general welfare—these same producers do now come before you and ask that you have the Government write a blank check with no regard to the cost to your Government or the public to pay for inefficiency and lack of courage on the part of the producer.

Fifth: Referring to page 4 of the report accompanying H. R. 3546 the implication is given that the cost of the peanut program is not out of line with other programs undertaken. Percentage wise, in 1940, the peanut program was approximately 2 times more expensive than the butter program and in 1941 it is estimated to be 12 times more expensive to the Government. The testimony of A. M. Dixon of the surplus marketing administration discloses an estimated loss of \$12,000,000 on a total crop value of \$50,000,000. Can such a loss be justified?

Sixth: The report continues by giving an analysis of the bill. It says that at parties are protected. Wherein can you find one provision protecting consumer? Perhaps the limitation of acreage to not less than 95 percent of the 1941 allotment might be so construed. I suggest that I am not aware that this proposed amendment is trying to guarantee weather and growing conditions of the crop. If it does not so guarantee the crop then the limitation means little or nothing, and is not a direct protection to the consumer.

Seventh: Further analysis of the bill draws attention to the fact that you gentlemen are now to take the responsibility of putting your stamp of approval on a new educational feature. You are now to educate the producer in the art of borrowing money on collateral with no intention of repayment unless the value of the collateral rises. You are to approve his deliberate plan to let the Government hold the bag if prices are not to his liking.

Eighth: Suggestions made by me before the House committee are passed over as being of minor importance. It would appear that any changes looking toward a program based upon the sincere responsibility of the Congress under the present law have been considered up to this moment as minor because such changes clash with the desire of the proponents to receive something at the possible expense of others indirectly brought into the situation. At least the suggestions I made were based upon experience and a sense of justice to all and not on common greed.

Ninth: The policy of the Agricultural Adjustment Act of 1938, as amended, is clear. The amendment under discussion intentionally deprives the small producer, the new producer and the consumer of equal rights in favor of the old producer. There is no semblance of equity and justice in the whole amendment.

I have suggested before and I make the suggestion to you now that the consumer must be protected directly under the law. It is his right under the law. His protection should be written into the law in precisely the same degree as is the guaranty to the producer.

The invasion to the equity of this suggestion has always been that the consumer can be protected by administrative means. That does not constitute protection. Quite the contrary, it subjects the consumer to the whims and wishes of individuals who may or may not be right in their position. The program now in force is evidence of the statement. A penalty was attached against the consumer because this one man made up his mind to make the consumer pay. His position, quite contrary to the advice of other gentlemen in the surplus marketing administration is one of the important contributing factors to the \$12,000,000 loss your Government is going to take on the present program.

I quote from a letter of J. B. Wyckoff, Chief, Marketing Division, Surplus Marketing Administration, under date of January 28, as follows: "If the present crop is 806,000 tons, as reported by the Crop Reporting Board, and approximately 140,000 tons will be used for seed, fed and lost, consumed in farmers' households, or sold by producers for miscellaneous uses, this will leave approximately 666,000 tons available for commercial purposes, or for cleaning and shelling and for crushing into oil."

To date, the associations participating in the peanut surplus removal program have purchased approximately 385,000 tons of peanuts. This quantity deducted from the available commercial production of 666,000 tons indicated above would leave about 275,000 tons available for cleaning and shelling purposes. As you already know, the data indicates that around 400,000 tons have been cleaned and shelled annually for the last several years. This probably means that unless there is some very large error in the estimates, considerable peanuts will be sold by the participating associations to shellers later in the season.

What is the protection needed? Nothing more or less than a separate clause to the effect that any peanuts purchased by or loaned upon by any Government agency at a price based on the edible market shall be available to the consumer at not more than the price paid.

(Whereupon, at 12:05 p. m. the committee adjourned until 10:30 a. m., Tuesday, March 11, 1941.)





AMENDING THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS
AMENDED, FOR THE PURPOSE OF REGULATING INTERSTATE
AND FOREIGN COMMERCE IN PEANUTS, AND FOR OTHER PUR-
POSES

MARCH 12, 1941.—Ordered to be printed

Mr. RUSSELL, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany H. R. 3546]

The Committee on Agriculture and Forestry to whom was referred the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, having considered the same report thereon favorably with the recommendation that the bill do pass, in the nature of a substitute.

The Senate bill S. 826 is identical with H. R. 3546 with the exception of a few minor changes which are as follows:

Strike the period at the end of line 13, page 5, insert a colon and add the following:

Provided further: for the second or third year of any three year period in which marketing quotas are in effect the acreage allotment for each state for such year shall be increased above or decreased below the allotment for the state for the immediately preceding year by the same per cent as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

Following the period in line 23, page 5, insert the following:

Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm acreage allotments in any year based on such excess acreage shall not exceed two per centum of the national acreage allotment for such year. In the distribution of such increase of two per centum preference shall be given to the claims of new producers.

Page 6, line 12, strike out the word "sold" and place in lieu thereof the word "marketed."

On page 6, line 22, strike out the words "the producer" and insert in lieu thereof the following:

All persons entitled to share in the peanuts marketed from the farm or the proceeds thereof

After the word "shall" in line 17, page 8, insert—
pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall

On page 9, line 5, strike out the period and insert in lieu thereof a comma and the following:

whether such peanuts are picked and threshed before or after marketing by the producer.

On page 9, line 14, before the word "shall", insert the words "program, or both".

On page 9, line 17, after the period insert:

The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, farmer cooperatives, and farmer associations, only on the marketing quota for each farm, at rates not less than 52 per centum and not more than 75 per centum of the parity price of peanuts as of the beginning of the marketing year (which parity price shall be on the basis published by the Bureau of Agricultural Economics in The Agriculture Situation, Volume 25, No. 1, January 1941), and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940.

In lines 1 and 2, page 10, strike out the word "subsection" appearing in each line and insert in lieu thereof the word "part".

After line 2, on page 10, add a new subsection as follows:

(g) The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products.

In line 12, page 10, strike out "(E)" and insert "(C)".

In line 21, page 10, strike out the word "subsection" and insert "subsections (a) and".

In line 23, page 10, strike out the word "is" and insert the word "are".

An explanation of said bill S. 826 is incorporated in the accompanying report titled "exhibit A".

EXHIBIT A

THE NEED FOR MARKETING QUOTAS

The peanut is a food of the very finest quality and with high nutritive value. Some idea of the food value of the peanut may be gained from the following comparative table:

One pound	Protein	Carbo- hydrate	Fat	Iron	Lime	Calories
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	
Peanuts.....	25.8	24.4	38.6	0.0020	0.100	2,486
Steak, sirloin.....	18.9	-----	18.5	.0028	.014	1,098
Ham, lean smoked.....	19.8	-----	20.8	.0030	.015	1,208
Fowls.....	19.3	-----	16.3	.0029	.015	1,016
Sweetpotatoes.....	1.8	27.4	.7	.0005	.027	558
White potatoes.....	2.2	18.4	-----	.0010	-----	585
Whole milk.....	3.3	5.0	-----	.0005	-----	325
Bananas.....	1.3	22.0	-----	.0006	.013	446
Turnips.....	14.8	8.1	.2	.0005	.089	179
Fresh eggs.....	2.1	-----	10.5	-----	-----	720
Spinach.....	-----	3.2	.3	.0036	.094	109

The market for the peanut as an article of food is referred to as the edible trade. This consists of the manufacture of peanut butter, peanut candy, and salted or parched peanuts. This trade or outlet offers the producer the only market which gives much promise of a price in any way commensurate with the cost of production. Testimony at the hearings shows that it costs $2\frac{1}{2}$ to 3 cents per pound, or from \$50 to \$60 per ton, to grow and harvest peanuts.

Naturally the cost of production varies with the yield per acre. Peanuts are produced in three different areas, namely: (1) The Virginia area, comprising the States of Virginia, North Carolina, and Tennessee; (2) the Southeast area, comprising the States of South Carolina, Georgia, Florida, Alabama, and Mississippi; and (3), the Southwest area, comprising the States of Arkansas, Louisiana, Oklahoma, and Texas. For the 5-year period 1933 to 1937, both inclusive, the average production was 466 pounds of peanuts per acre for the Southwest area, 675 pounds per acre for the Southeast area, and 1,084 pounds per acre for the Virginia area.

Peanuts, when crushed, also produce a high-quality vegetable oil, but the producers cannot at this time look to that use as offering a market which gives any assurance of a price in keeping with the cost of production. Only once in the last 10 years has that market offered a return in any way commensurate with the cost of production. During the 10-year period 1930 to 1939, both inclusive, the Nation produced, from domestic and imported materials, excluding butter, an average of 5,249,000,000 pounds of fats and oils, and of this peanut oil averaged only 43,000,000 pounds, or considerably less than 1 percent.

An interesting side light in this connection is the contribution which soybean oil has made to the supply of fats and oils during the same period. Soybean production has increased from 3,387,000 acres in 1930 to over 10,000,000 acres in 1940, confined mostly to the States of Illinois, Indiana, Iowa, Ohio, and Missouri. The following table indicates the soybean oil increase:

	<i>Pounds</i>		<i>Pounds</i>
1930-31.....	28, 000, 000	1935-36.....	184, 000, 000
1931-32.....	43, 000, 000	1936-37.....	204, 000, 000
1932-33.....	31, 000, 000	1937-38.....	241, 000, 000
1933-34.....	26, 000, 000	1938-39.....	404, 000, 000
1934-35.....	63, 000, 000	1939-40.....	508, 000, 000

Every branch of the peanut industry has joined in an effort to find new uses for peanuts and to increase the use of peanuts in the edible trade. Just this month national peanut week was celebrated in an effort to inform the people of the delightful flavor of the peanut and its great food and health-giving value. In this campaign the growers, the shellers, the millers, the manufacturers, and the Department of Agriculture have all joined, and naturally it is hoped that through the years the general public will awaken to an appreciation of the real worth of the lowly goober, both for its high food value and its delightful taste.

But it is well known that the discovery and perfection of new and practical uses for our farm commodities is a slow and discouraging process, and that to change or alter in the slightest the eating habits of the American people takes time, sometimes a generation or two. Therefore, for the present the peanut producers of the Nation are faced with an edible market which has expanded very little through the years and does not offer any considerable expansion in the immediate future. The following table shows the quantity of peanuts cleaned and shelled during the 5 years 1935 to 1939, inclusive, and how little, if any, expansion there has been:

	<i>Tons</i>		<i>Tons</i>
1935.....	390, 990	1938.....	401, 331
1936.....	445, 366	1939.....	444, 758
1937.....	427, 054		

And the price paid to the farmer does not appear to have controlled these figures on the quantity of peanuts consumed, as the highest prices paid the farmer during these 5 years were for the 1936 crop and that is the year the greatest quantity was consumed, while the second highest price paid the farmer was in 1939 and that is the second highest consumption.

But, while the consumption of peanuts through the edible trade has remained almost stationary during the last several years, the acreage planted to peanuts and the quantity of peanuts harvested has been rapidly increasing. The figures, as reported by the Department of Agriculture, speak for themselves:

Year	Harvested	Picked and threshed	Year	Harvested	Picked and threshed
	<i>Acres</i>	<i>Tons</i>		<i>Acres</i>	<i>Tons</i>
1933.....	1, 217, 000	409, 810	1937.....	1, 500, 000	612, 095
1934.....	1, 488, 000	504, 975	1938.....	1, 708, 000	652, 900
1935.....	1, 473, 000	573, 613	1939.....	1, 859, 000	589, 752
1936.....	1, 606, 000	626, 545	1940.....	1, 905, 000	805, 818

Comparison of the above table with the one next before will show that in 1940 there were nearly twice as many peanuts picked and threshed as there is any likelihood of being consumed through the edible trade.

During 6 of the last 7 years (1936 excepted) the Department of Agriculture, through its surplus removal agency (now the Surplus Marketing Administration), has undertaken to assist the peanut producers of the Nation in maintaining a fair price or at least a cost-of-production price for their crop, by removal of the surplus from the market through diversion to oil. These programs were operated under

the provisions of section 32, Public, 320, Seventy-fourth Congress, as amended, or under section 12 of the Soil Conservation and Domestic Allotment Act. The current report of the Surplus Marketing Administration shows, among its expenditures for surplus-removal programs in the fiscal year 1940, the following, among other items:

Walnuts-----	\$1, 142, 048	Raisins-----	\$5, 313, 535
Peanuts-----	1, 280, 843	Evaporated milk-----	3, 628, 445
Rice-----	3, 071, 410	Butter-----	12, 649, 797
Apples-----	9, 109, 948	Eggs-----	15, 440, 520
Oranges-----	4, 198, 473	Pork products-----	25, 805, 388
Prunes-----	4, 039, 794		

The statement has been made, and apparently is borne out by the facts, that, of the numerous helpful programs operated by the Department of Agriculture, none has returned to the producer as many dollars for the amount expended as the peanut programs of the past. Of comparatively small cost, it has meant the difference between a livelihood and bankruptcy for many thousands of farmers of the Nation.

But, facing this constantly increasing acreage planted to peanuts, the Surplus Marketing Administration has indicated its incapacity and unwillingness to continue to undertake to remove the surplus, certainly not at the price level (about 50 percent of parity) which it has tried to support in the past. The announcement of the program for the 1940 crop concluded with this significant statement:

In accordance with previous announcements, conferences with peanut growers will be held soon to consider the coordination of acreage allotments with a diversion program before either program is undertaken for the 1941 crop, in view of the fact that it is necessary to find means for reducing the expanding peanut acreage before the 1941 crop is planted.

The conferences have been held. They were in progress for months. The peanut growers, in appreciation of the assistance given them in the past, have indicated their desire to cooperate with the Department of Agriculture in every possible way. And realizing they could not reasonably expect a surplus removal program without some control of the surplus, they have themselves presented the present bill as a plan to control and reduce, if not ultimately eliminate, the surplus.

It is the judgment of the committee, from the testimony submitted, that this bill has practically the unanimous approval of the peanut growers of the Nation.

As peanuts are now being planted in the southern sections of Texas, it is important that the Congress give its earliest possible consideration to this bill.

ANALYSIS OF THE BILL

Section 357 sets forth the interstate character of the marketing of peanuts and the need for legislation on the subject by the Congress in order to protect producers, handlers, processors, and consumers.

Section 358 requires the Secretary of Agriculture, between July 1 and December 1 of each calendar year, to proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding year. This amount shall equal the average quantity of peanuts harvested for nuts during the 5 preceding years, adjusted for current trends and prospective demand conditions. Under this provision the Secretary would first determine the average quantity of peanuts harvested for nuts during the preceding 5 years, and would

then be authorized to adjust such average up or down by taking into consideration the current trends in production and consumption and the quantity of cleaned and shelled peanuts diverted into oil.

The section then provides that the national marketing quota shall be converted into a national acreage allotment, and that this shall be done by dividing such quota by the normal yield per acre on the basis of the average yield in the 5 preceding years, with necessary adjustments to correct for trends in yields and abnormal conditions of production. Such adjustments should be authorized, for instance, to meet a situation which exists at the present time, when it is recognized that the average yield per acre of 845 pounds in the 1940 crop is abnormally and unprecedentedly high, and such yield could not be expected normally.

This section further provides that the national acreage allotment for the year 1941 shall be 1,610,000 acres and that, following the passage of the bill, the Secretary shall proclaim a national marketing quota sufficient to provide a national acreage allotment in that amount, and shall within 30 days provide for the holding of a referendum on such quota. The national acreage allotment for 1941 is fixed in the bill at the number of acres stated because it is recognized that the bill cannot be passed before many of the producers have planted their 1941 peanut crop and it is necessary for them to know what acreage to plant. The national acreage of 1,610,000 acres has already been allotted to the peanut producers under the provisions of the Soil Conservation and Domestic Allotment Act and the bill provides that those allotments for the Nation, the States, the counties, and the individual farms shall be confirmed and become the allotments under the terms of this bill for this year. Of course, in subsequent years, the regular formula for allotments as set out in the bill will be operative.

In order to establish stability in making allotments in the future, this section also provides that in subsequent years, neither the national acreage allotment nor the allotment for any State shall be less than 95 percent of the 1941 National and State allotments.

In order for marketing quotas to be put into effect by the Secretary, it is necessary for the farmers engaged in the production of peanuts to vote, in a referendum conducted by the Secretary, by a majority of at least two-thirds of those voting, in favor of marketing quotas. When such number vote in favor of quotas, the same shall remain in effect for 3 calendar years. If more than one-third of the farmers voting in such referendum vote against marketing quotas, then such quotas will not be in effect for the crop produced in the next succeeding calendar year.

Subsection (e) of section 358 provides for the apportionment of the national acreage allotment among the several States. This apportionment shall be on the basis of the average acreage of peanuts harvested for nuts in the 5 preceding years, with adjustments for trends, abnormal conditions of production, and the State acreage allotment for the year immediately preceding. If quotas are voted in, then during the second and third year of any 3-year period, the allotment for each State shall be increased or decreased in the same proportion as the national allotment for such years is increased or decreased. Of course, after termination of such 3-year period, the State allotments will be adjusted on the basis of the average acreage harvested for nuts

in each State for the 5 years preceding, with adjustments as above stated.

Subsection (d) of section 358 provides that the State acreage allotment shall be apportioned to the individual farms through local committees and that the farms eligible to receive acreage allotments are those on which peanuts were grown in any of the 3 years immediately preceding. The local committees making these farm allotments will be the same committees now engaged in making specific crop allotments under this act. The allotment to farms shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut acreage allotments established for the farm under the provisions of the agricultural adjustment and conservation programs.

The subsection also provides that any acreage of peanuts harvested in excess of the allotted acreage shall not be considered as establishing a base for an allotment until the third year following the year in which such excess acreage is harvested; also, that the total acreage allotments based on such excess acreage shall not exceed in any year 2 percent of the national acreage allotment. These provisions apply both to new producers and to those who received allotments but harvested additional acreage.

The marketing quota for each farm is the actual production of the farm acreage allotment. That is, there may be marketed without penalty whatever quantity of peanuts is produced on the allotted acreage and only on the allotted acreage.

Subsection (a) of section 359 fixes the penalty for the marketing of peanuts in excess of the marketing quota. This penalty is 3 cents per pound or \$60 per ton. The method of collecting the penalty and the refund of penalties in certain cases is set forth. An additional penalty is also provided where peanuts produced on one farm are falsely reported as having been produced on another farm or if there is a failure to report on the disposition of peanuts available for marketing from any farm. This additional penalty is at the rate of \$25 for each acre or fraction thereof.

Subsection (b) of section 359 provides that the producers will be relieved of the payment of the 3 cents per pound penalty for the marketing of excess peanuts, that is, for the marketing of peanuts grown on acreage in excess of the farm acreage allotment, if they will deliver and market such excess peanuts through an agency or agencies designated by the Secretary. This, of course, is necessary in order to prevent such excess peanuts from moving into the edible trade unless it should appear that the peanuts produced on the allotted acreage is insufficient to supply the edible trade and at a price fair to the producer and to the consumer. The peanuts received by such agency shall be sold by it for crushing for oil. This removes them from the available supply and at the same time, saves the grower who has inadvertently or by intention harvested peanuts in excess of his marketing quota from sustaining a total loss of such excess. For such excess peanuts the producer will be paid the market value thereof for crushing for oil as of the date of delivery, less the estimated cost of storing, handling, and selling.

In order to prevent any dealer or other person from accumulating a large supply of excess peanuts, which he has bought at the oil price,

and undertaking to use or dispose of them for other than crushing purposes, this subsection imposes a further and additional penalty of 3 cents per pound for any peanuts so used or disposed of, and also provides punishment as for a misdemeanor.

Subsection (c) of section 359 exempts from the provisions of the law the peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less.

Subsection (e) of section 359 provides, if not less than two-thirds of the farmers voting in a referendum approve marketing quotas, that a peanut-loan program should be in effect with respect to the peanuts produced in the next 3 calendar years. If more than one-third of the farmers voting in such referendum oppose marketing quotas then no such loan program shall be in effect.

The Commodity Credit Corporation is directed to make available loans upon peanuts during the marketing years in which marketing quotas are in effect. Such loans may be made only to producers, only on peanuts harvested from the allotted acreage and no producer shall be personally liable for any deficiency arising from the sale of the collateral securing such loans. Such loans shall be at rates not less than 52 and not more than 75 percent of the parity price of peanuts as of the beginning of the marketing year. The parity price of peanuts in December 1940, as found and published by the Bureau of Agricultural Economics, United States Department of Agriculture, was 6.1 cents per pound.

These provisions as to loans on peanuts are almost identical with present provisions of the act relating to loans on cotton, corn, and wheat, and are within limitations therein provided.

Subsection (f) of section 359 authorizes the appropriation of such sums as may be necessary for the purposes of this part and for the expenses of its administration. As the machinery for making and checking acreage allotments made under the Agricultural Adjustment Act are already set up, and as acreage allotments for peanuts have been made during the last several years under the Soil Conservation and Domestic Allotment Act, it is not anticipated that that feature of the administration will bring about the expenditure of any considerable sum. The enforcement of the marketing features should not require any substantial increase in the personnel of the present administrative machinery under the act. Should it become necessary to divert any of the peanuts harvested from the allotted acreage the funds available under section 32, Public, 320, 74th Congress, as amended, or under section 12 of the Soil Conservation and Domestic Allotment Act, could be used, or an estimate of the cost of such diversion could be submitted to the Congress for an appropriation.

The remaining sections of the bill, as particularly appears from the following portions of this report, amends the present act in such particulars as is necessary to set up the enforcement of marketing quotas for peanuts.

The Secretary of Agriculture, in compliance with the request of this committee, filed a report on H. R. 2983. That report is principally a description of the provisions of the bill and the discussion of certain changes or amendments dealing with administration. The committee has considered all of these changes and several of them have been

incorporated in the new bill, H. R. 3546. The Secretary's report concludes as follows:

With the above suggested changes, this Department recommends that the bill be enacted. The Bureau of the Budget advises that there is no objection to the submission of this report.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows: Existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman:

[Public, 430, 75th Cong.]

TITLE III—LOANS, PARITY PAYMENTS, CONSUMER SAFEGUARDS, AND MARKETING QUOTAS

Part I of the existing act covers marketing quotas on tobacco.

Part II covers marketing quotas on corn.

Part III covers marketing quotas on wheat.

Part IV covers marketing quotas on cotton.

Part V covers marketing quotas on rice.

The bill as reported does not change any of the above provisions in any way; but adds a new part VI to cover marketing quotas on peanuts. These new provisions are shown as follows:

PART VI—MARKETING QUOTAS—PEANUTS

LEGISLATIVE FINDINGS

Sec. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketing of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

MARKETING QUOTAS

Sec. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the

quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: Provided, That the national marketing quota established for the crop produced in the calendar year 1941 shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 95 per centum of that established for the crop produced in the calendar year 1941.

(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts.

(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the five years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: Provided, That the allotment established for any State for any year subsequent to 1941 shall be not less than 95 per centum of the allotment established for such State for the crop produced in the calendar year 1941: Provided further, For the second or third year of any three-year period in which marketing quotas are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percent as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm acreage allotments in any year based on such excess acreage shall not exceed 2 per centum of the national acreage allotment for such year. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

MARKETING PENALTIES

SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty

shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are sold by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and the producer shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut diversion or peanut loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil shall pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction therefor shall be fined not more than \$1,000 or imprisoned for not more than one year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

(d) The word "peanuts" wherever used in this Act means peanuts which are picked and threshed by mechanical means.

(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-loan program shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, a peanut-loan program shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, only on the marketing quota for each farm, at rates not less than 52 per centum and not more than 75 per centum of the parity price of peanuts as of the beginning of the marketing year, and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940.

(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this subsection and for the expenses of administering this subsection.

(g) *The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products.*

SEC. 301 * * *

(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES.—For the purposes of this title—

(1) (B) “Actual production” of any number of acres of cotton or peanuts on a farm means the actual average yield for the farm times such number of acres.

* * * * *

“(6) (A) ‘Market’, in the case of corn, cotton, rice, tobacco, and wheat, means to dispose of, in raw or processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos, and, in the case of corn and wheat, by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, or exchanged, or to be so disposed of, but does not include disposing of any of such commodities as premium to the Federal Crop Insurance Corporation under title V.

“(B) ‘Marketed’, ‘marketing’, and ‘for market’ shall have corresponding meanings to the term ‘market’ in the connection in which they are used.”.

“(C) ‘Market,’ in the case of peanuts, means to dispose of peanuts, including farmers’ stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift inter vivos.”

SUBTITLE C—ADMINISTRATIVE PROVISIONS

PART I—PUBLICATION AND REVIEW OF QUOTAS

APPLICATION OF PART

SEC. 361. This Part shall apply to the publication and review of farm marketing quotas established for tobacco, corn, wheat, cotton, peanuts, and rice, established under subtitle B.

PART II—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of corn, wheat, cotton, rice, peanuts, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota for corn, wheat, cotton, rice, peanuts, or tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary in order to effectuate the declared policy of this Act or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota shall be increased, or shall terminate, as the case may be.

REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, peanuts, or tobacco, and all ginneries of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, peanuts, or tobacco from producers, [and] all persons engaged in the business of redrying, prizing, or stemming tobacco for producers[.], all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for

buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500; and any tobacco warehouseman or dealer who fails to remedy such violation by making a complete and accurate report or keeping a complete and accurate record as required by this subsection within fifteen days after notice to him of such violation shall be subject to an additional fine of \$100 for each ten thousand pounds of tobacco, or fraction thereof, bought or sold by him after the date of such violation: *Provided*, That such fine shall not exceed \$5,000; and notice of such violation shall be served upon the tobacco warehouseman or dealer by mailing the same to him by registered mail or by posting the same at any established place of business operated by him, or both.

(b) Farmers engaged in the production of corn, wheat, cotton, rice, *peanuts*, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. The Secretary shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, *peanuts*, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, *peanuts*, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.





H. R. 3546

[Report No. 99]

IN THE SENATE OF THE UNITED STATES

MARCH 1 (legislative day, FEBRUARY 13), 1941

Read twice and referred to the Committee on Agriculture and Forestry

MARCH 12, 1941

Reported, under authority of the order of the Senate of March 10, 1941, by
Mr. RUSSELL, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended,
for the purpose of regulating interstate and foreign commerce
in peanuts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title III of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by inserting after part V of sub-
5 title B thereof the following new part:

6 ~~"PART VI—MARKETING QUOTAS—PEANUTS~~

7 ~~"LEGISLATIVE FINDINGS~~

8 "SEC. 357. The production, marketing, and processing
9 of peanuts and peanut products employs a large number of
10 persons and is of national interest. The movement of pea-

1 nuts from producer to consumer is preponderantly in inter-
2 state and foreign commerce, and, owing to causes beyond
3 their control, the farmers producing such commodity and the
4 persons engaged in the marketing and processing thereof are
5 unable to regulate effectively the orderly marketing of the
6 commodity. As the quantity of peanuts marketed in the
7 channels of interstate and foreign commerce increases above
8 the quantity of peanuts needed for cleaning and shelling, the
9 prices at which all peanuts are marketed are depressed to
10 low levels. These low prices tend to cause the quantity of
11 peanuts available for marketing in later years to be less than
12 normal, which in turn tends to cause relatively high prices.
13 This fluctuation of prices and marketing of peanuts creates
14 an unstable and chaotic condition in the marketing of peanuts
15 for cleaning and shelling and for crushing for oil in the chan-
16 nels of interstate and foreign commerce. Since these un-
17 stable and chaotic conditions have existed for a period of
18 years and are likely, without proper regulation, to continue
19 to exist, it is imperative that the marketing of peanuts for
20 cleaning and shelling and for crushing for oil in interstate and
21 foreign commerce be regulated in order to protect producers,
22 handlers, processors, and consumers.

23 "MARKETING QUOTAS

24 "SEC. 358. (a) Between July 1 and December 1 of
25 each calendar year the Secretary shall proclaim the amount

1 of the national marketing quota for peanuts for the crop
2 produced in the next succeeding calendar year in terms of
3 the total quantity of peanuts which will make available for
4 marketing a supply of peanuts from the crop with respect
5 to which the quota is proclaimed equal to the average
6 quantity of peanuts harvested for nuts during the five years
7 immediately preceding the year in which such quota is pro-
8 claimed, adjusted for current trends and prospective demand
9 conditions, and the quota so proclaimed shall be in effect
10 with respect to such crop. The national marketing quota
11 for peanuts for any year shall be converted to a national
12 acreage allotment by dividing such quota by the normal
13 yield per acre of peanuts for the United States determined
14 by the Secretary on the basis of the average yield per acre
15 of peanuts in the five years preceding the year in which
16 the quota is proclaimed, with such adjustments as may be
17 found necessary to correct for trends in yields and for ab-
18 normal conditions of production affecting yields in such five
19 years: *Provided*, That the national marketing quota estab-
20 lished for the crop produced in the calendar year 1944 shall
21 be a quantity of peanuts sufficient to provide a national
22 acreage allotment of not less than one million six hundred
23 and ten thousand acres, and that the national marketing
24 quota established for any subsequent year shall be quantity
25 of peanuts sufficient to provide a national acreage allotment

1 of not less than 95 per centum of that established for the
2 crop produced in the calendar year 1941.

3 “(b) Not later than December 15 of each calendar year
4 the Secretary shall conduct a referendum of farmers en-
5 gaged in the production of peanuts in the calendar year
6 in which the referendum is held to determine whether such
7 farmers are in favor of or opposed to marketing quotas with
8 respect to the crops of peanuts produced in the three calendar
9 years immediately following the year in which the refer-
10 endum is held, except that, if as many as two-thirds of the
11 farmers voting in any referendum vote in favor of marketing
12 quotas, no referendum shall be held with respect to quotas
13 for the second and third years of the period. The Secretary
14 shall proclaim the results of the referendum within thirty
15 days after the date on which it is held, and, if more than
16 one-third of the farmers voting in the referendum vote against
17 marketing quotas, the Secretary also shall proclaim that
18 marketing quotas will not be in effect with respect to the
19 crop of peanuts produced in the calendar year immediately
20 following the calendar year in which the referendum is held.
21 Notwithstanding any other provisions of this section, the
22 Secretary shall proclaim a national marketing quota with
23 respect to the crop of peanuts produced in the calendar year
24 1941 equal to the minimum quota provided for said year in
25 subsection (a) hereof and shall provide for the holding of a

1 referendum on such quota within thirty days after the date
2 upon which this Act becomes effective; and the State and
3 farm acreage allotments established under the 1944 agri-
4 cultural conservation program shall be the State and farm
5 acreage allotments for the 1944 crop of peanuts.

6 “(c) The national acreage allotment shall be appor-
7 tioned among States on the basis of the average acreage
8 of peanuts harvested for nuts in the five years preceding
9 the year in which the national allotment is determined, with
10 adjustments for trends, abnormal conditions of production,
11 and the State peanut-acreage allotment for the crop immedi-
12 ately preceding the crop for which the allotment hereunder
13 is established; *Provided*, That the allotment established for
14 any State for any year subsequent to 1944 shall be not less
15 than 95 per centum of the allotment established for such
16 State for the crop produced in the calendar year 1944;
17 *Provided further*, That for the second or third year of any
18 three-year period in which marketing quotas are in effect
19 the acreage allotment for each State for such year shall be
20 increased above or decreased below the allotment for the
21 State for the immediately preceding year by the same per-
22 centage as the national marketing quota for such year is in-
23 creased above or decreased below the national marketing
24 quota for the preceding year.

25 “(d) The Secretary shall provide for apportionment of

1 the State acreage allotment for any State through local com-
2 mittees among farms on which peanuts were grown in any
3 of the three years immediately preceding the year for which
4 such allotment is determined. Such apportionment shall be
5 made on the basis of the tillable acreage available for the
6 production of peanuts and the past acreage of peanuts on the
7 farm, taking into consideration the peanut-acreage allotments
8 established for the farm under previous agricultural adjust-
9 ment and conservation programs. Any acreage of peanuts
10 harvested in excess of the allotted acreage for any farm for
11 any year shall not be considered in the establishment of the
12 allotment for the farm until the third year following the
13 year in which such excess acreage is harvested and the total
14 increases made in farm acreage allotments in any year
15 based on such excess acreage shall not exceed 2 per centum
16 of the national acreage allotment for such year. The amount
17 of the marketing quota for each farm shall be the actual
18 production of the farm-acreage allotment, and no peanuts
19 shall be marketed under the quota for any farm other than
20 peanuts actually produced on the farm.

21 "MARKETING PENALTIES

22 "SEC. 359. (a) The marketing of any peanuts in excess
23 of the marketing quota for the farm on which such peanuts
24 are produced, or the marketing of peanuts from any farm
25 for which no acreage allotment was determined, shall be

1 subject to a penalty of 3 cents per pound, except as provided
2 in subsection (b) of this section. Such penalty shall be paid
3 by the person who buys or otherwise acquires the peanuts
4 from the producer, or, if the peanuts are sold by the producer
5 through an agent, the penalty shall be paid by such agent,
6 and such person or agent may deduct an amount equivalent
7 to the penalty from the price paid to the producer. The
8 Secretary may require collection of the penalty upon a por-
9 tion of each lot of peanuts marketed from the farm equal
10 to the proportion which the acreage of peanuts in excess of
11 the farm-acreage allotment is of the total acreage of peanuts
12 on the farm. If the person required to collect the penalty
13 fails to collect such penalty, such person and the producer
14 shall be jointly and severally liable for the amount of the
15 penalty. All funds collected pursuant to this section shall
16 be deposited in a special deposit account with the Treasurer
17 of the United States and such amounts as are determined, in
18 accordance with regulations prescribed by the Secretary, to
19 be penalties incurred shall be transferred to the general fund
20 of the Treasury of the United States. Amounts collected
21 in excess of determined penalties shall be paid to such pro-
22 ducers as the Secretary determines, in accordance with reg-
23 ulations prescribed by him, bore the burden of the payment
24 of the amount collected. Such special account shall be
25 administered by the Secretary and the basis for, the amount

1 of, and the producer entitled to receive a payment from such
2 account, when determined in accordance with regulations
3 prescribed by the Secretary, shall be final and conclusive.
4 If, in the course of marketing, any peanuts produced on one
5 farm are falsely identified by a representation that such
6 peanuts were produced on another farm, or, if there is a fail-
7 ure to make a report of the disposition of peanuts available
8 for marketing from any farm, each person participating in
9 the false identification of the peanuts or failing to make a
10 report of the disposition of such peanuts as required by reg-
11 ulations issued by the Secretary shall be subject to a penalty
12 of \$25 for each acre, or fraction thereof, of peanuts harvested
13 in excess of the farm acreage allotment for the farm on which
14 such peanuts were produced and such penalty shall be in
15 addition to any other penalty due hereunder.

16 “(b) Payment of the penalty of 3 cents per pound upon
17 the marketing of peanuts as provided in subsection (a) above
18 will not be required if such excess peanuts are delivered
19 to and marketed through an agency or agencies designated
20 each year by the Secretary. Any peanuts received under this
21 subsection by such agency shall be sold by such agency for
22 crushing for oil under a sales agreement approved by the
23 Secretary, or for cleaning and shelling at prices not less
24 than those established under any peanut diversion or peanut
25 loan program operated by the Secretary. For all peanuts so

1 delivered under this subsection, producers shall be paid for the
 2 portion of the lot constituting excess peanuts the market
 3 value thereof for crushing for oil as of the date of such de-
 4 livery, less the estimated cost of storing, handling, and
 5 selling such peanuts. Any person who acquires peanuts for
 6 crushing for oil under the provisions of this subsection, and
 7 who uses or disposes of such peanuts for purposes other than
 8 for crushing into oil shall pay a penalty of 3 cents per pound
 9 upon the peanuts so used or disposed of and shall be guilty
 10 of a misdemeanor and upon conviction therefor shall be fined
 11 not more than \$4,000 or imprisoned for not more than one
 12 year or both. Operations under this subsection shall be
 13 carried on under regulations prescribed by the Secretary,
 14 and the operations of any agency designated to receive and
 15 market peanuts may be separate from or combined with
 16 operations of other agencies.

17 “(c) The provisions of this part shall not apply to
 18 peanuts produced on any farm on which the acreage har-
 19 vested for nuts is one acre or less.

20 “(d) The word ‘peanuts’ wherever used in this Act
 21 means peanuts which are picked and threshed by mechanical
 22 means.

23 “(e) If, in any referendum carried out pursuant to
 24 subsection (b) of section 358, marketing quotas with respect
 25 to peanuts are opposed by more than one-third of the

1 farmers voting in such referendum, no peanut loan program
2 shall be in effect with respect to the crop produced in the
3 calendar year immediately following that in which the
4 referendum is held. If quotas are approved by not less than
5 two-thirds of the farmers voting in such referendum, a pea-
6 nut loan program shall be in effect with respect to the
7 crops of peanuts produced in the three calendar years im-
8 mediately following the year in which the referendum is
9 held. The Commodity Credit Corporation is directed to
10 make available loans upon peanuts during any marketing
11 year in which marketing quotas are in effect. Such loans
12 shall be made only to producers, only on the marketing
13 quota for each farm, at rates not less than 52 per centum
14 and not more than 75 per centum of the parity price of
15 peanuts as of the beginning of the marketing year, and
16 the peanuts shall be the sole security for such loans. If a
17 referendum is held in 1941 with respect to the crop produced
18 in 1941, the provisions of this subsection shall apply as
19 though such referendum had been held in the calendar year
20 1940.

21 “(f) There is hereby authorized to be appropriated
22 each fiscal year beginning with the fiscal year 1941, out
23 of any moneys in the Treasury not otherwise appropriated,
24 such sums as may be necessary for the purposes set forth

1 in this subsection and for the expenses of administering this
2 subsection.

3 ~~“(g)~~ The provisions of this section shall not apply to
4 nor interfere with the inauguration or the operation of any
5 program approved by the Secretary pursuant to authority
6 contained in existing law designed to establish new uses for
7 peanuts and peanut products or expand markets for peanuts
8 and peanut products.”

9 SEC. 2. Paragraph ~~(1)~~ ~~(B)~~ of subsection ~~(b)~~ of sec-
10 tion 304 of subtitle A of title III of the Agricultural Adjust-
11 ment Act of 1938, as amended, is amended by inserting im-
12 mediately following the word “cotton” the words “or
13 peanuts”.

14 SEC. 3. Paragraph ~~(6)~~ of subsection ~~(b)~~ of section 304
15 of subtitle A of title III of the Agricultural Adjustment Act
16 of 1938, as amended, is amended by adding the following
17 new paragraph:

18 ~~“(c)~~ ‘Market’, in the case of peanuts, means to dispose
19 of peanuts, including farmers’ stock peanuts, shelled peanuts,
20 cleaned peanuts, or peanuts in processed form, by voluntary
21 or involuntary sale, barter, or exchange, or by gift inter
22 vivos.”

23 SEC. 4. Section 364 of subtitle C of title III of the Agri-
24 cultural Adjustment Act of 1938, as amended, is amended by

1 inserting after the comma following the word "cotton" the
2 word "peanuts" and a comma.

3 SEC. 5. Subsections (a) and (b) of section 371 of sub-
4 title C of title III of the Agricultural Adjustment Act of
5 1938, as amended, are amended by inserting after the comma
6 following the word "rice" the word "peanuts" and a comma.

7 SEC. 6. Subsection (a) of section 373 of subtitle C of
8 title III of the Agricultural Adjustment Act of 1938, as
9 amended, is amended by inserting after the comma following
10 the word "rice" wherever it appears in the first sentence
11 thereof, the word "peanuts" and a comma, by striking out
12 the word "and" following the word "producers" in such
13 first sentence; and by striking out the period at the end of
14 such first sentence and inserting in lieu thereof a comma
15 and the following: "all brokers and dealers in peanuts, all
16 agents marketing peanuts for producers, or acquiring pea-
17 nuts for buyers and dealers, and all peanut growers' cooper-
18 ative associations, all persons engaged in the business of
19 cleaning, shelling, crushing, and salting of peanuts and the
20 manufacture of peanut products, and all persons owning or
21 operating peanut-picking or peanut-threshing machines."

22 SEC. 7. Subsection (b) of section 373 of subtitle C of
23 title III of the Agricultural Adjustment Act of 1938, as
24 amended, is amended by inserting after the comma following
25 the word "rice" the word "peanuts" and a comma.

1 SEC. 8. Section 374 of subtitle C of title III of the
 2 Agricultural Adjustment Act of 1938, as amended, is
 3 amended by inserting after the comma following the word
 4 "cotton" the word "peanuts" and a comma.

5 SEC. 9. Subsection (a) of section 375 of subtitle C of
 6 title III of the Agricultural Adjustment Act of 1938, as
 7 amended, is amended by inserting after the comma following
 8 the word "rice" the word "peanuts" and a comma.

9 *That title III of the Agricultural Adjustment Act of 1938,*
 10 *as amended, is amended by inserting after part V of sub-*
 11 *title B thereof the following new part:*

12 "PART VI—MARKETING QUOTAS—PEANUTS

13 "LEGISLATIVE FINDINGS

14 "SEC. 357. The production, marketing, and processing
 15 of peanuts and peanut products employs a large number of
 16 persons and is of national interest. The movement of pea-
 17 nuts from producer to consumer is preponderantly in inter-
 18 state and foreign commerce, and, owing to causes beyond
 19 their control, the farmers producing such commodity and
 20 the persons engaged in the marketing and processing thereof
 21 are unable to regulate effectively the orderly marketing of
 22 the commodity. As the quantity of peanuts marketed in
 23 the channels of interstate and foreign commerce increases
 24 above the quantity of peanuts needed for cleaning and shelling,
 25 the prices at which all peanuts are marketed are depressed to

1 low levels. These low prices tend to cause the quantity of
2 peanuts available for marketing in later years to be less than
3 normal, which in turn tends to cause relatively high prices.
4 This fluctuation of prices and marketings of peanuts creates
5 an unstable and chaotic condition in the marketing of peanuts
6 for cleaning and shelling and for crushing for oil in the
7 channels of interstate and foreign commerce. Since these
8 unstable and chaotic conditions have existed for a period of
9 years and are likely, without proper regulation, to continue
10 to exist, it is imperative that the marketing of peanuts for
11 cleaning and shelling and for crushing for oil in interstate
12 and foreign commerce be regulated in order to protect pro-
13 ducers, handlers, processors, and consumers.

14 "MARKETING QUOTAS

15 "SEC. 358. (a) Between July 1 and December 1 of
16 each calendar year the Secretary shall proclaim the amount
17 of the national marketing quota for peanuts for the crop
18 produced in the next succeeding calendar year in terms of
19 the total quantity of peanuts which will make available for
20 marketing a supply of peanuts from the crop with respect
21 to which the quota is proclaimed equal to the average quan-
22 tity of peanuts harvested for nuts during the five years
23 immediately preceding the year in which such quota is pro-
24 claimed, adjusted for current trends and prospective demand
25 conditions, and the quota so proclaimed shall be in effect

1 with respect to such crop. The national marketing quota
2 for peanuts for any year shall be converted to a national
3 acreage allotment by dividing such quota by the normal
4 yield per acre of peanuts for the United States determined
5 by the Secretary on the basis of the average yield per acre
6 of peanuts in the five years preceding the year in which the
7 quota is proclaimed, with such adjustments as may be found
8 necessary to correct for trends in yields and for abnormal
9 conditions of production affecting yields in such five years:
10 Provided, That the national marketing quota established for
11 the crop produced in the calendar year 1941 shall be a
12 quantity of peanuts sufficient to provide a national acreage
13 allotment of not less than one million six hundred and ten
14 thousand acres, and that the national marketing quota estab-
15 lished for any subsequent year shall be quantity of peanuts
16 sufficient to provide a national acreage allotment of not less
17 than 90 per centum of that established for the crop produced
18 in the calendar year 1941.

19 “(b) Not later than December 15 of each calendar year
20 the Secretary shall conduct a referendum of farmers engaged
21 in the production of peanuts in the calendar year in which
22 the referendum is held to determine whether such farmers
23 are in favor of or opposed to marketing quotas with respect
24 to the crops of peanuts produced in the three calendar years
25 immediately following the year in which the referendum

1 is held, except that, if as many as two-thirds of the farmers
2 voting in any referendum vote in favor of marketing quotas,
3 no referendum shall be held with respect to quotas for the
4 second and third years of the period. The Secretary shall
5 proclaim the results of the referendum within thirty days
6 after the date of which it is held, and, if more than one-third
7 of the farmers voting in the referendum vote against market-
8 ing quotas, the Secretary also shall proclaim that marketing
9 quotas will not be in effect with respect to the crop of
10 peanuts produced in the calendar year immediately follow-
11 ing the calendar year in which the referendum is held.
12 Notwithstanding the provisions of subsections (a) and (b)
13 of this section, the Secretary shall proclaim a national mar-
14 keting quota with respect to the crop of peanuts produced
15 in the calendar year 1941 and shall provide for the holding
16 of a referendum on such quota within thirty days after the
17 date upon which this Act becomes effective.

18 “(c) The national acreage allotment shall be appor-
19 tioned among States on the basis of the average acreage of
20 peanuts harvested for nuts in the five years preceding the
21 year in which the national allotment is determined, with
22 adjustments for trends, abnormal conditions of production,
23 and the State peanut-acreage allotment for the crop imme-
24 diately preceding the crop for which the allotment hereunder
25 is established: Provided, That the allotment established for

1 any State for any year subsequent to 1941 shall be not
2 less than 90 per centum of the allotment established for
3 such State for the crop produced in the calendar year 1941:
4 Provided further, That for the second or third year of any
5 three-year period in which marketing quotas are in effect
6 the acreage allotment for each State for such year shall be
7 increased above or decreased below the allotment for the
8 State for the immediately preceding year by the same per-
9 centage as the national marketing quota for such year is
10 increased above or decreased below the national marketing
11 quota for the preceding year.

12 “(d) The Secretary shall provide for apportionment
13 of the State acreage allotment for any State through local
14 committees among farms on which peanuts were grown
15 in any of the three years immediately preceding the year
16 for which such allotment is determined. Such apportion-
17 ment shall be made on the basis of the tillable acreage avail-
18 able for the production of peanuts and the past acreage of
19 peanuts on the farm, taking into consideration the peanut-
20 acreage allotments established for the farm under previous
21 agricultural adjustment and conservation programs. Any
22 acreage of peanuts harvested in excess of the allotted acreage
23 for any farm for any year shall not be considered in the
24 establishment of the allotment for the farm until the third
25 year following the year in which such excess acreage is har-

1 rested and the total increases made in farm-acreage allot-
 2 ments in any year based on such excess acreage shall not
 3 exceed 2 per centum of the national acreage allotment for
 4 such year. In the distribution of such increase of 2 per
 5 centum preference shall be given to the claims of new pro-
 6 ducers. The amount of the marketing quota for each farm
 7 shall be the actual production of the farm-acreage allotment,
 8 and no peanuts shall be marketed under the quota for any
 9 farm other than peanuts actually produced on the farm.

10 "MARKETING PENALTIES

11 "SEC. 359. (a) The marketing of any peanuts in ex-
 12 cess of the marketing quota for the farm on which such
 13 peanuts are produced, or the marketing of peanuts from
 14 any farm for which no acreage allotment was determined,
 15 shall be subject to a penalty of 3 cents per pound, except
 16 as provided in subsection (b) of this section. Such penalty
 17 shall be paid by the person who buys or otherwise acquires
 18 the peanuts from the producer, or, if the peanuts are mar-
 19 keted by the producer through an agent, the penalty shall be
 20 paid by such agent, and such person or agent may deduct
 21 an amount equivalent to the penalty from the price paid to
 22 the producer. The Secretary may require collection of the
 23 penalty upon a portion of each lot of peanuts marketed from
 24 the farm equal to the proportion which the acreage of pea-
 25 nuts in excess of the farm-acreage allotment is of the total

1 *acreage of peanuts on the farm. If the person required to*
2 *collect the penalty fails to collect such penalty, such person*
3 *and all persons entitled to share in the peanuts marketed*
4 *from the farm or the proceeds thereof shall be jointly and*
5 *severally liable for the amount of the penalty. All funds*
6 *collected pursuant to this section shall be deposited in a special*
7 *deposit account with the Treasurer of the United States and*
8 *such amounts as are determined, in accordance with regula-*
9 *tions prescribed by the Secretary, to be penalties incurred*
10 *shall be transferred to the general fund of the Treasury of*
11 *the United States. Amounts collected in excess of determined*
12 *penalties shall be paid to such producers as the Secretary*
13 *determines, in accordance with regulations prescribed by him,*
14 *bore the burden of the payment of the amount collected.*
15 *Such special account shall be administered by the Secretary*
16 *and the basis for, the amount of, and the producer entitled*
17 *to receive a payment from such account, when determined*
18 *in accordance with regulations prescribed by the Secretary,*
19 *shall be final and conclusive. If, in the course of market-*
20 *ing, any peanuts produced on one farm are falsely identified*
21 *by a representation that such peanuts were produced on*
22 *another farm, or, if there is a failure to make a report of*
23 *the disposition of peanuts available for marketing from any*
24 *farm, each person participating in the false identification of*
25 *the peanuts or failing to make a report of the disposition*

1 of such peanuts as required by regulations issued by the
2 Secretary shall be subject to a penalty of \$25 for each acre,
3 or fraction thereof, of peanuts harvested in excess of the farm-
4 acreage allotment for the farm on which such peanuts were
5 produced and such penalty shall be in addition to any other
6 penalty due hereunder.

7 “(b) Payment of the penalty of 3 cents per pound upon
8 the marketing of peanuts as provided in subsection (a) above
9 will not be required if such excess peanuts are delivered to
10 and marketed through an agency or agencies designated each
11 year by the Secretary. Any peanuts received under this
12 subsection by such agency shall be sold by such agency for
13 crushing for oil under a sales agreement approved by the
14 Secretary, or for cleaning and shelling at prices not less than
15 those established under any peanut-diversion or peanut-loan
16 program operated by the Secretary. For all peanuts so
17 delivered under this subsection, producers shall be paid for
18 the portion of the lot constituting excess peanuts the market
19 value thereof for crushing for oil as of the date of such
20 delivery, less the estimated cost of storing, handling, and
21 selling such peanuts. Any person who acquires peanuts for
22 crushing for oil under the provisions of this subsection, and
23 who uses or disposes of such peanuts for purposes other
24 than for crushing into oil, shall pay a penalty of 3 cents per
25 pound upon the peanuts so used or disposed of and shall be

1 guilty of a misdemeanor and upon conviction thereof shall
 2 be fined not more than \$1,000 or imprisoned for not more
 3 than one year, or both. Operations under this subsection
 4 shall be carried on under regulations prescribed by the Secre-
 5 tary, and the operations of any agency designated¹ to re-
 6 ceive and market peanuts may be separate from or combined
 7 with operations of other agencies.

8 “(c) The provisions of this part shall not apply to
 9 peanuts produced on any farm on which the acreage har-
 10 vested for nuts is one acre or less.

11 “(d) The word ‘peanuts’ wherever used in this Act
 12 means peanuts which are picked and threshed by mechanical
 13 means, whether such peanuts are picked and threshed before
 14 or after marketing by the producer.

15 “(e) If, in any referendum carried out pursuant to sub-
 16 section (b) of section 358, marketing quotas with respect
 17 to peanuts are opposed by more than one-third of the farmers
 18 voting in such referendum, no peanut-diversion program or
 19 peanut loan shall be in effect with respect to the crop pro-
 20 duced in the calendar year immediately following that in
 21 which the referendum is held. If quotas are approved by
 22 not less than two-thirds of the farmers voting in such referen-
 23 dum, either a peanut-diversion program or a peanut-loan
 24 program, or both, shall be in effect with respect to the crops
 25 of peanuts produced in the three calendar years immediately

1 following the year in which the referendum is held. The
 2 Commodity Credit Corporation is directed to make available
 3 loans upon peanuts during any marketing year in which
 4 marketing quotas are in effect. Such loans shall be made only
 5 to producers, farmer cooperatives, and farmer associations,
 6 only on the marketing quota for each farm, at rates not less
 7 than 52 per centum and not more than 75 per centum of the
 8 parity price of peanuts as of the beginning of the marketing
 9 year (which parity price shall be on the basis published by
 10 the Bureau of Agricultural Economics in *The Agricultural*
 11 *Situation*, volume 25, number 1, January 1941), and the
 12 peanuts shall be the sole security for such loans. If a ref-
 13 erendum is held in 1941 with respect to the crop produced
 14 in 1941, the provisions of this subsection shall apply as though
 15 such referendum had been held in the calendar year 1940.
 16 If a referendum is held in 1941 with respect to the crop pro-
 17 duced in 1941, the provisions of this subsection (c) shall
 18 apply as though such referendum had been held in the
 19 calendar year 1940.

20 “(f) There is hereby authorized to be appropriated, each
 21 fiscal year beginning with the fiscal year 1941, out of any
 22 moneys in the Treasury not otherwise appropriated, such
 23 sums as may be necessary for the purposes set forth in this
 24 part and for the expenses of administering this part.

25 “(g) The provisions of this section shall not apply to

1 *nor interfere with the inauguration or the operation of any*
 2 *program approved by the Secretary pursuant to authority*
 3 *contained in existing law designed to establish new uses for*
 4 *peanuts and peanut products or expand markets for peanuts*
 5 *and peanut products."*

6 *SEC. 2. Paragraph (1) (B) of subsection (b) of sec-*
 7 *tion 301 of subtitle A of title III of the Agricultural Adjust-*
 8 *ment Act of 1938, as amended, is amended by inserting*
 9 *immediately following the word "cotton" the words "or*
 10 *peanuts".*

11 *SEC. 3. Paragraph (6) of subsection (b) of section*
 12 *301 of subtitle A of title III of the Agricultural Adjustment*
 13 *Act of 1938, as amended, is amended by adding the follow-*
 14 *ing new paragraph:*

15 *"(C) 'Market', in the case of peanuts, means to dispose*
 16 *of peanuts, including farmers' stock peanuts, shelled pea-*
 17 *nuts, cleaned peanuts, or peanuts in processed form, by*
 18 *voluntary or involuntary sale, barter, or exchange, or by*
 19 *gift inter vivos."*

20 *SEC. 4. Section 361 of subtitle C of title III of the*
 21 *Agricultural Adjustment Act of 1938, as amended, is*
 22 *amended by inserting after the comma following the word*
 23 *"cotton" the word "peanuts" and a comma.*

24 *SEC. 5. Subsections (a) and (b) of section 371 of sub-*
 25 *title C of title III of the Agricultural Adjustment Act of*

1 1938, as amended, are amended by inserting after the comma
2 following the word "rice" the word "peanuts" and a comma.

3 SEC. 6. Subsection (a) of section 373 of subtitle C
4 of title III of the Agricultural Adjustment Act of 1938, as
5 amended, is amended by inserting after the comma follow-
6 ing the word "rice" wherever it appears in the first sen-
7 tence thereof the word "peanuts" and a comma, by strik-
8 ing out the word "and" following the word "producers"
9 in such first sentence; and by striking out the period at the
10 end of such first sentence and inserting in lieu thereof a
11 comma and the following: "all brokers and dealers in
12 peanuts, all agents marketing peanuts for producers, or
13 acquiring peanuts for buyers and dealers, and all peanut
14 growers' cooperative associations, all persons engaged in
15 the business of cleaning, shelling, crushing, and salting of
16 peanuts and the manufacture of peanut products, and all
17 persons owning or operating peanut-picking or peanut-
18 threshing machines."

19 SEC. 7. Subsection (b) of section 373 of subtitle C of
20 title III of the Agricultural Adjustment Act of 1938, as
21 amended, is amended by inserting after the comma follow-
22 ing the word "rice" the word "peanuts" and a comma.

23 SEC. 8. Section 374 of subtitle C of title III of the
24 Agricultural Adjustment Act of 1938, as amended, is

1 amended by inserting after the comma following the word
2 "cotton" the word "peanuts" and a comma.

3 SEC. 9. Subsection (a) of section 375 of subtitle C
4 of title III of the Agricultural Adjustment Act of 1938, as
5 amended, is amended by inserting after the comma follow-
6 ing the word "rice" the word "peanuts" and a comma.

Passed the House of Representatives February 28, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

By H. NEWLIN MEGILL.

77TH CONGRESS
1ST SESSION

H. R. 3546

[Report No. 99]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

MARCH 1 (legislative day, FEBRUARY 13), 1941

Read twice and referred to the Committee on
Agriculture and Forestry

MARCH 12, 1941

Reported with an amendment

which was referred to the Committee on Printing:

Resolved, That the manuscript of the laws, agreements, Executive orders, proclamations, etc., relating to the Five Civilized Tribes, Oklahoma, passed and proclaimed from 1890 to 1933, inclusive, to be known as Laws Relating to the Five Civilized Tribes in Oklahoma, 1890 to 1933, prepared under Senate Resolution 60, Seventy-fifth Congress, first session, be printed as a Senate document, and that there be printed 30 additional copies for the use of the Senate Committee on Indian Affairs and 30 additional copies for the use of the House Committee on Indian Affairs.

HEARINGS BEFORE THE COMMITTEE ON INDIAN AFFAIRS

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 87), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, is authorized during the Seventy-seventh Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

ADDRESS BY SENATOR BANKHEAD ON NATIONAL UNITY IN WAR AND PEACE

[Mr. BANKHEAD asked and obtained leave to have printed in the Record a radio address delivered by him on March 8, 1941, on the subject of national unity in war and peace, which appears in the Appendix.]

T. V. A. DAM AND FLOOD CONTROL

[Mr. NORRIS asked and obtained leave to have printed in the Record an Associated Press dispatch from Knoxville, Tenn., under the heading "T. V. A. set-up able to cut flood crest," which appears in the Appendix.]

ELECTION ACTIVITIES OF PACIFIC COAST UTILITIES

[Mr. NORRIS asked and obtained leave to have printed in the Record an article entitled "Pacific Coast Utilities Pollute Elections," written by Albert H. Jenkins and published in Labor, which appears in the Appendix.]

SENTIMENT OF LOS ANGELES COUNTY, CALIF., AS TO LEASE-LEND BILL

[Mr. DOWNEY asked and obtained leave to have printed in the Record a telegram from Mrs. Charles H. Clark, of Los Angeles, Calif., relative to the sentiment of radio listeners regarding the so-called lease-lend bill, which appears in the Appendix.]

WALES AND THE WELSH—EDITORIAL FROM THE SCRANTONIAN

[Mr. DAVIS asked and obtained leave to have printed in the Record an editorial from the Scrantonian of February 16, 1941, relative to the national anthem of Wales and the spirit of loyalty of the Welsh people, which appears in the Appendix.]

ADDRESS ON YOUTH BY MOST REV. JOHN A. DUFFY, D. D.

[Mr. BARKLEY (for Mr. MEAD) asked and obtained leave to have printed in the Record a radio address on youth, delivered on February 22, 1941, by the Most Reverend John A. Duffy, D. D., bishop of the diocese of Buffalo, which appears in the Appendix.]

ADDRESS BY MISS DORA MAXWELL ON CREDIT UNIONS

[Mr. BARKLEY (for Mr. MEAD) asked and obtained leave to have printed in the Record an address on credit unions, delivered in Buffalo, N. Y., by Miss Dora Maxwell, northeastern representative of the Credit Union National Association, which appears in the Appendix.]

EDITORIAL FROM SATURDAY EVENING POST ON GOVERNMENT FINANCE

[Mr. WILEY asked and obtained leave to have printed in the Record an editorial from the Saturday Evening Post of March 15, 1941, entitled "The National Heap," which appears in the Appendix.]

STATEMENT BY WALTER WHITE ON EXCLUSION OF NEGROES FROM DEFENSE JOBS

[Mr. CAPPER asked and obtained leave to have printed in the Record a statement by Walter White, secretary of the National Association for the Advancement of Colored People, on the exclusion of Negroes from defense jobs, which appears in the Appendix.]

PREMIER CHURCHILL'S STATEMENT AS TO UNITED STATES IN WORLD WAR

[Mr. NYE asked and obtained leave to have printed in the Record an article from Scribner's Commentator, entitled "When Churchill Said, 'Keep Out,'" and three articles from the New York Enquirer regarding the same matter.]

CONSTRUCTION OF PUBLIC WORKS FOR THE NAVY

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 3155, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,

March 11, 1941.

Resolved, That the House agree to the amendments of the Senate Nos. 1, 3, and 4 to the bill (H. R. 3155) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; and

That the House disagree to the amendment of the Senate No. 2 to said bill.

Mr. TYDINGS. Mr. President, on behalf of the chairman of the Committee on Naval Affairs [Mr. WALSH], who is necessarily absent, I move that the Senate insist on its amendment in disagreement, ask for a conference with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. WALSH, Mr. TYDINGS, Mr. SMITH, Mr. DAVIS, and Mr. JOHNSON of California conferees on the part of the Senate.

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 3325, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,

March 11, 1941.

Resolved, That House agree to the amendment of the Senate No. 1 to the bill (H. R. 3325) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; and

That the House agree to the amendment of the Senate No. 2 to said bill with an amendment as follows:

In lieu of the matter stricken out by said amendment insert:

"The provisions of section 8 (a) of the act approved June 28, 1940 (Public No. 671, 76th Cong.), shall be applicable to naval public-works projects authorized by this and all prior acts."

Mr. TYDINGS. Likewise, on behalf of the chairman of the Committee on Naval Affairs [Mr. WALSH], I move that the Senate insist on its amendment in disagreement, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. WALSH, Mr. TYDINGS, Mr. SMITH, Mr. DAVIS, and Mr. JOHNSON of California conferees on the part of the Senate.

LEASE-LEND BILL

Mr. LUCAS. Mr. President, last week I was requested to broadcast over a national hook-up an address upon the lend-lease bill. Just before entering upon the address to the invisible audience a Western Union boy appeared and identified himself and advised me that he was charged with the responsibility of singing a telegram to me. Like a good soldier I acceded to the demands of this youth and stood there and listened to the lyric tenor voice of this messenger for about 2 or 3 minutes.

As I listened to the messenger and tried to follow the contents of the jargon that had been put down in script, I speculated upon the type of fellow who would be responsible for this kind of a telegram. I wondered what kind of a man he was. I wondered if he was a businessman. I speculated as to whether he was truly interested in this cause or whether he was a publicity seeker, or whether he was someone who was truly an American patriot, or whether he was merely one of those blundering show-offs who do things before they think. I have been thinking about the matter since. I took no pains, however, to make any investigation as to who this man in Chicago might be, but yesterday my curiosity was satisfied. I received a letter from a very prominent lawyer in the city of Chicago telling me about this individual. I thought perhaps I should make this statement and read into the Record a certain portion of this letter, showing just who Frank E. Brightman, author of the telegram, is:

This lawyer says, among other things:

I note that you were harassed by a singing telegram; and the Chicago papers state that it was sent by Frank E. Brightman, who paid \$8.70 therefor, and claimed he got his money's worth. It would be interesting to know who actually paid for this telegram, as I know that Mr. Brightman went into bankruptcy in 1936, and that I took a judgment against him for \$2,700 last year, which remains unpaid, and that he filed a schedule claiming no assets.

I bring this matter to the attention of the Senate merely that it may know just the type of fellow and the kind of individual who did this sort of thing—a man who is bankrupt so far as assets are concerned, a man who is a dead beat and refuses to pay his honest creditors—yet he

can find \$8.70 somewhere in order to do the thing that he did.

Mr. President, this is just another one of those fellows who seek a lot of publicity. I want this idler, this Micawber of song, this fat boy of the street, to know that we of the Senate are familiar with this type. I want the country to know that while he was vitally concerned about saving the Nation he followed every dishonorable trail to save himself from his creditors.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT AS TO PEANUTS

The VICE PRESIDENT. The routine morning business is closed.

Mr. RUSSELL. Mr. President, I move that the Senate proceed to the consideration of House bill 3546.

The VICE PRESIDENT. The question is on the motion of the Senator from Georgia.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with an amendment, to strike out all after the enacting clause and to insert:

That title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after part V of subtitle B thereof the following new part:

"PART VI—MARKETING QUOTAS—PEANUTS

"LEGISLATIVE FINDINGS

"Sec. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketings of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

"MARKETING QUOTAS

"Sec. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the

average quantity of peanuts harvested for nuts during the 5 years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the 5 years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such 5 years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than 1,610,000 acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 90 percent of that established for the crop produced in the calendar year 1941.

"(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the 3 calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within 30 days after the date of which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding the provisions of subsections (a) and (b) of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 and shall provide for the holding of a referendum on such quota within 30 days after the date upon which this act becomes effective.

"(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the 5 years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut-acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: *Provided*, That the allotment established for any State for any year subsequent to 1941 shall be not less than 90 percent of the allotment established for such State for the crop produced in the calendar year 1941: *Provided further*, That for the second or third year of any 3-year period in which marketing quotas are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percentage as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

"(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any

of the 3 years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm-acreage allotments in any year based on such excess acreage shall not exceed 2 percent of the national acreage allotment for such year. In the distribution of such increase of 2 percent preference shall be given to the claims of new producers. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

"MARKETING PENALTIES

"Sec. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by a representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

"(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as

provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut-diversion or peanut-loan program operated by the Secretary. For all peanuts so delivered under this subsection producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil, shall pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

"(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

"(d) The word 'peanuts' wherever used in this act means peanuts which are picked and threshed by mechanical means, whether such peanuts are picked and threshed before or after marketing by the producer.

"(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-diversion program or peanut loan shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, either a peanut-diversion program or a peanut-loan program, or both, shall be in effect with respect to the crops of peanuts produced in the 3 calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, farmer co-operatives, and farmer associations, only on the marketing quota for each farm, at rates not less than 52 percent and not more than 75 percent of the parity price of peanuts as of the beginning of the marketing year (which parity price shall be on the basis published by the Bureau of Agricultural Economics in *The Agricultural Situation*, vol. 25, No. 1, January 1941), and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection (e) shall apply as though such referendum had been held in the calendar year 1940.

"(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this part and for the expenses of administering this part.

"(g) The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products."

SEC. 2. Paragraph (1) (B) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word "cotton" the words "or peanuts."

SEC. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

"(C) 'Market', in the case of peanuts, means to dispose of peanuts, including farmers' stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift *inter vivos*."

SEC. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 5. Subsections (a) and (b) of section 371 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, are amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 6. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" wherever it appears in the first sentence thereof the word "peanuts" and a comma, by striking out the word "and" following the word "producers" in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the following: "all brokers and dealers in peanuts, all agents marketing peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines."

SEC. 7. Subsection (b) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 8. Section 374 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 9. Subsection (a) of section 375 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Mr. RUSSELL. Mr. President, House bill 3546 proposes to amend the Agricultural Adjustment Act of 1938 for the purpose of establishing marketing quotas with respect to peanuts.

Peanuts is a \$50,000,000 agricultural crop. It is of great importance to about 14 States. Heretofore, the Department of Agriculture has had a program under section 32 of the Agricultural Adjustment Act with reference to peanuts whereby the Department has undertaken to handle the surplus by means of a diversion program.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. I yield.

Mr. CONNALLY. Does this bill deal entirely and only with peanuts?

Mr. RUSSELL. It affects only peanuts.

Under this diversion program, the price of peanuts has been kept at approximately 50 percent of parity. However, due to the fact that some sixteen million acres have been taken out of cotton under the cotton program, there has been a very large increase in the production of peanuts; and the Department served notice on the producers and all others interested in the peanut business that after the present year the Department would not undertake to carry on the diversion program as it relates to peanuts on account of the increasing cost of the program, due to the increasing production, unless marketing quotas were put into effect.

This bill, therefore, undertakes to fix marketing quotas, and to limit the acreage which may be planted to peanuts which may find their way into the edible trade. I may say that peanuts are also crushed for oil. The bill limits the amount which may go into the edible trade, providing a penalty of 3 cents a pound on all peanuts produced over and above the allotted acreage that finds its way into the edible trade. It provides that in any year when the Secretary fixes the allotments, the allotment of no State shall be reduced by more than 5 percent of that established in the bill, which amounts to 1,610,000 acres, divided between the States on the basis of the acreage planted in each State for the past 5 years.

Very exhaustive hearings on the bill were held by the House committee. The peanut producers from all of the States engaged in that type of farming appeared before the committee and approved the measure we are considering. The Senate Committee on Agriculture and Forestry conducted hearings on the bill for a day, and heard representatives of the peanut producers of each of the States approve the terms of the measure.

It is essential, if the price of peanuts is not to fall far below the cost of production, that these marketing quotas be established, and it is left to the farmers, just as it is in the case of cotton, wheat, corn, and the other basic commodities. A referendum is provided for, and unless two-thirds of the producers of peanuts vote in the affirmative, of course the provisions of the act will not take effect.

I do not think that any lengthy explanation of the measure is necessary, inasmuch as the same plan already provided for cotton is, in essence, established by the bill for peanuts.

Mr. DANAHER. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. DANAHER. What appears on page 22 of the bill indicates that loans are to be made "to producers, farmer co-operatives, and farmer associations * * * at rates not less than 52 percent and not more than 75 percent of the parity price * * * as of the beginning of the marketing year," and so forth.

Can the Senator tell us how much this program will cost?

Mr. RUSSELL. I cannot tell, because the cost will in large measure depend upon the market price of peanuts.

Mr. DANAHER. Can the Senator give us an estimate, some minimum figure, upon which we can dwell as we contemplate this measure?

Mr. RUSSELL. For the last year of which we have any record, the program cost approximately \$699,000. This year's program will cost more than that, on account of the increase in acreage, and that is why this bill is before us, to restrict the acreage. This year 1,900,000 acres, using round figures, were planted to peanuts. That will be reduced to 1,610,000 acres. I am sure that the bill will not cost nearly as much as the programs affecting other agricultural commodities, which are not nearly as important, have cost.

Mr. DANAHER. I thank the Senator. Will the Senator yield further?

Mr. RUSSELL. I yield.

Mr. DANAHER. Does the Senator know how much it will cost to operate under subsection (f), appearing on page 22, wherein we authorize to be appropriated "such sums as may be necessary for the purposes set forth in this part and for the expenses of administering this part" of the act?

Mr. RUSSELL. Mr. President, that is merely the language that is carried in all of these agricultural bills. It is not proposed to seek any appropriations for this purpose, but to use the funds which are allocated under section 32 of the Agricultural Adjustment Act, derived from the tariff duties or any other appropriation made available under the act.

Mr. DANAHER. As I understand the Senator's explanation, as cotton acreage was withdrawn from production, peanut production increased. If peanut production is reduced under the operation of the terms of the proposed act, I assume there will be a new divergence into yet some other crop; for example, let us assume it might be peas, or tomatoes, or some such product, which in turn would be a glut on the market. Does not this proposal open up a new chain in a series of surplus production in yet other fields, hitherto untouched and uncontrolled by the quota system?

Mr. RUSSELL. I doubt that we will ever see the day when we will not be burdened by surpluses in some kinds of agricultural crops, because, for one thing, it is not possible to regulate the weather. Some years there will be favorable conditions all over an entire area devoted to the production of one commodity, and in other years there will be crop failures in one section or another. But I do not think this bill will bring about any great transformation.

Heretofore there has been an allotment to peanuts, under the Domestic Allotment Act, of 1,610,000 acres, the same amount provided in the bill before us for marketing quotas, but the only penalty that was visited on the farmer was the loss of soil-conservation payments. This bill provides a penalty of 3 cents a pound on all peanuts produced in excess of the allotment provided by the measure.

Mr. DANAHER. Under existing law we have applied the quota system, first to tobacco, then to corn, to wheat, next to cotton, finally to rice, then ultimately we come to the present situation, and are asked to extend it to peanuts. I am merely wondering where we are to stop, if we are to stop anywhere, or whether or not there is some well-ordered plan which would apply generally to this type of production.

Mr. RUSSELL. The Senator is taking me rather far afield in that suggestion.

Mr. DANAHER. I know I am.

Mr. RUSSELL. I can only say that, so far as I am individually concerned, I think it is going to be necessary to resort to some price-fixing and production-limiting plan for every agricultural commodity produced in the United States, if we are ever to deal out even-handed justice to the farmer. But that question is not involved in connection with this measure, and I do not think it is exactly relevant to the measure.

Mr. DANAHER. I thank the Senator for his forbearance.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. McNARY. I think the able Senator from Connecticut is laboring under a misapprehension, as I understand the measure before us. I confess I have no acquaintance with it other than from a reading of it this morning as I found it on my desk. This does not come within the purview of the Agricultural Adjustment Act or the Soil Conservation Act. This does not make peanuts a basic commodity.

Mr. RUSSELL. That is correct.

Mr. McNARY. It merely provides for taking advantage of section 353 of the Marketing Act under which no parity payments or benefit payments are made. Hence peanuts do not fall in the category of wheat or cotton or rice or any of the so-called major products mentioned in the Soil Conservation Act. But there is a section in the bill which provides for a marketing agreement, and quotas to follow, and anyone who raises in excess of the quota will not be entitled to the marketing benefits. That is what the bill provides, and it does not come within the general provisions of the Soil Conservation or the Agricultural Adjustment Act.

Mr. RUSSELL. The Senator from Oregon has a record in this body in handling farm legislation which will stand for a long time, and in a few words he has explained the pending measure much better than the Senator from Georgia has been able to do in four times the length of time.

Mr. McNARY. I appreciate the kind personal reference. Is not this a matter which goes further than most of the marketing acts, in that it makes peanuts eligible for commodity-credit loans?

Mr. RUSSELL. That is correct.

Mr. McNARY. And not on a parity basis; but there is an oscillation between 52 percent and 75 percent. That is correct, is it not?

Mr. RUSSELL. That is the provision of the bill.

Mr. GEORGE. Mr. President, will my colleague yield?

Mr. RUSSELL. I yield.

Mr. GEORGE. As I understand the bill, it also authorizes a diversion program as well as a loan program.

Mr. RUSSELL. It does; and, as is well known by my colleague, he being familiar with peanut production, and living in an area where they are produced in considerable quantities, the diversion program is much more easily adapted to any surplus of peanuts than any loan program; and I apprehend that the Department will plan a diversion program.

Mr. GEORGE. The diversion program may not be an exceedingly expensive program in connection with this rather important crop.

Mr. RUSSELL. I do not think there is any question that if the bill is enacted into law, and the program is approved by the farmers, it will reduce the amount it will cost the Department of Agriculture in dealing with the peanut program next year, because it would reduce the acreage by about 300,000 acres.

Mr. SMITH. Mr. President, I have received several letters regarding the matter now under discussion, and the temper of them has disturbed me. The curtailment of cotton acreage and corn acreage and other acreage has caused the farmers to divert their lands to peanut growing. One farmer from my State, in an area which seems to be peculiarly adapted to peanut growing, says that under the terms of the pending bill, as he never grew peanuts, he could not plant them, but would be shut out. The State has allotted a certain acreage, and those who have planted for 3 or 5 years previous have the opportunity of availing themselves of this allotment, while this man and others, who have gotten disgusted with the manner in which cotton has been handled, want to stop growing cotton and plant peanuts, but under the terms of the pending bill they would be shut out.

They can and they can't,

They will and they won't.

They'll be damned if they do,

And damned if they don't.

Mr. President, they are all mixed up, their minds are confused; they do not know what to do.

I have just been looking over the bill to see to what extent such a condition would prevail. On page 17, under subdivision (d), we find the following:

The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the 3 years immediately preceding.

Under that provision I do not know how a newcomer could receive any benefits. I do not know whether he would be penalized if he planted peanuts and attempted to sell them on the open market. I was not able to attend the meetings of the Committee on Agriculture and hear this measure discussed, and, if I had been able to attend, perhaps this particular phase of the matter would have escaped my attention.

Mr. President, it is a very serious thing, especially in America, to say to a man,

"You own land, but you cannot plant so and so. If you do you will be penalized." Somehow that phase of this program does not appeal to me. I do not plant peanuts personally, though I may be a "peanut politician"—a designation which will perhaps apply to us all. It is a serious thing that the Department of Agriculture will allocate a certain acreage for the entire Nation for the purpose of the market; then break it down to a certain acreage for the State; then provide that those who have planted 3 years previously may enjoy the benefit of this allotment, but no one else need apply. I may be wrong in my judgment; I do not know. I have not had time to study the bill critically, but it seems to me there ought to be some leeway allowed for those who wish to enter upon the growing of peanuts, without being obliged to suffer any more privation than the farmers of my class suffer.

What does the Senator from Georgia have to say about the provision to which I have called attention?

Mr. RUSSELL. Mr. President, I am sure that every Member of the Senate who has any agricultural interests whatever in his State knows that this problem of the new producer has been one of the trouble spots of the entire farm program. We have encountered it in connection with cotton, and we have encountered it in connection with every other agricultural commodity. The language in the bill, as it relates to the producers of peanuts, is in substance the same as that contained in legislation dealing with cotton and tobacco.

Mr. SMITH. Mr. President, if we do in the case of peanuts what we have done for cotton, farmers will quit; they will not want to plant peanuts. A farmer does not want to plant something at a dead loss every year. For 6 or 8 years the inertia of habit has projected us on in cotton production. There is not a cent in cotton production. Of course, it may be that some large dealer in cotton may figure on paper that there is a fortune in growing cotton, but that man does not farm. When a man attempts to grow cotton to be sold for 8 cents, 9 cents, 9½ cents, or 10 cents a pound, he has started on the road to the poorhouse; there is no doubt about that. Cotton production is expensive.

Mr. President, to illustrate what I am driving at, let me say that my overseer wrote to an official in the Department of Agriculture and wanted to know about planting pepper. A large income was received last year from the growing of pepper. The official in the Department wrote to my overseer and said, "I am sorry, but you cannot plant any pepper, because you did not plant pepper in preceding years. Therefore you are out."

Though he has splendid soil for the growing of pepper, my overseer is arbitrarily told that he cannot plant pepper. If he does, what he grows will be confiscated, or he will not receive any benefits.

Mr. President, I wanted to inject this thought in order, if it is possible, to cause Senators to think. I am afraid most of them would die of apoplexy if they

should; but I believe it is about time for us to get down to fundamentals and know where we stand. The proposed program will mean that those who have planted peanuts for a period of 4 or 5 years before the plan goes into effect will have a monopoly of the acreage and the growth. I should like to have some little encouragement held out to a young man who is fool enough to get married and who wants to start on a farm. He will not be able to plant any cotton; he will not be able to plant any peanuts, and, according to the trend, he will not be able to raise any stock for fear he will come in competition with stock raisers who have a monopoly of stock raising. We have put our seal on any further expansion in the way of new homes and new farms.

Mr. President, we should concentrate on what to do for those who want to plant peanuts, cotton, rice, and tobacco. We have simply shut the door on those who wish to engage in those forms of agriculture. I was not aware of the situation until I read this particular portion of the bill today. I do not know what to do about it. Georgia is a great peanut-producing State. I want her to receive every bit of profit she can from raising peanuts. My State is sort of around the fringes in the matter of raising peanuts. We plant a very small acreage of peanuts.

Mr. President, I tell the Senate the problem is a serious one. Of course, we have learned farmers in the Department of Agriculture. They know more about cotton than I do. I think they would know a cotton stalk from a jinjon weed; they might; but they can tell me how to grow cotton. One man in the Department asked me why I did not plant the kind of cottonseed which would produce middling. God help us. The weather and the manner in which it is picked determines the grade. The man who asked me that question did not know that. Fortunately, I did.

Mr. President, we are sailing along, but I do not know where we are going to end. However, I wanted to call the attention of the Senator from Georgia and other Senators to the matter of acreage allotment and the benefits accruing therefrom.

When the people used to support the Government we did pretty much as we pleased, but now that the Government is supporting the people, the amount of its resources is rather limited, and we must cut the pattern according to our cloth. We do not have enough cloth to go around.

This whole situation is puzzling to me. I do not know how we will get out of our difficulties. I simply wished to make a suggestion. I know the Senator from Georgia is as worried as I am about the matter of denying to a man the right to use his land, but that is what is being done now.

Mr. RUSSELL. Mr. President, of course, the question of the new producer, and freezing the commodity and the land on which it has been produced, are two of the objectionable features of the entire agricultural program. However, there is no way on earth to eliminate them if we are to have any marketing quota pro-

gram. In this case we are faced with two alternatives. We may either continue to plant all the peanuts we please and sell them at the oil price, around \$35 a ton, which is far below the cost of production, or we may allow the acreage allotment of peanuts on 1,600,000 acres to go into the edible trade, bringing at least half of parity, and at least the cost of production to the farmers who produce them.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. JOHNSON of Colorado. I am sorry I did not know that this bill was coming up, because I should have liked to ask the Committee on Agriculture and Forestry to have included beans in the provisions of the bill. There is a very distressing situation insofar as beans are concerned. In Colorado the Surplus Marketing Administration has purchased 250 cars of beans. It was thought that that would take the surplus off the market, and it was intended to distribute the beans to the poor. Hundreds of cars of beans were bought in other States, and still there is a burdensome surplus. I have taken the matter up with the Surplus Marketing Administration in the hope that we could obtain for the farmers a loan on their beans so that they could hold them. The administration has turned down the request, on the ground that unless there were acreage control, loans would only add to the difficulties.

Mr. RUSSELL. Let me say to the Senator that the administration took the same position with reference to peanuts, and that is the reason why this bill is before us.

Mr. JOHNSON of Colorado. Our case is parallel.

Mr. RUSSELL. If the Senator desires to introduce legislation affecting the bean industry, I am sure the Committee on Agriculture and Forestry will give him a sympathetic hearing. However, I hope the Senator will not delay this bill in order to attempt to deal with beans in the same measure.

Mr. JOHNSON of Colorado. I do not want to delay the pending bill, but I do feel that the bean growers should have the same consideration that the peanut growers have, because their case is exactly parallel. There is distress, and we are having great difficulty. We do not want to be regimented either. We do not like to have our acreage curtailed, or be told what to do; but if we cannot sell the beans we have, we are in such a situation that such a thing as regimentation is much preferred to an absolutely demoralized market. That is precisely our position.

Mr. RUSSELL. The Senator has stated the sentiments of the peanut producers who came before the committee. They realize that they cannot have their cake and eat it too. They cannot produce unlimited quantities of peanuts and produce them at a profit. For that reason the peanut producers of the entire Nation have joined and recommended the passage of this bill. I know that when the law is put into operation there will be a great many complaints from

those who say they are not receiving the allotment they should have. There will be complaints from the new producers who wish to get into the production of peanuts, particularly if the bill should stabilize the price of peanuts. But, viewing the matter in its larger aspects, for the good of the largest number of farmers in the States now producing peanuts, I am confident that without this measure the entire peanut-growing industry will be demoralized, if not wiped out.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WILEY. I am wondering about the mechanics of the bill. If a certain number of acres were allotted, say, to a given State, and a certain acreage were allotted to a certain county, why could not the bill be so framed that anyone who wanted to grow peanuts in that county could make application to the committee and be treated equitably? I think the position of the Senator from South Carolina [Mr. SMITH] is sound. I really feel that the bill should not in its essence operate so as to create a monopoly for those who have previously grown peanuts. If 50 acres of peanuts were allotted to a particular country, everyone who applied would receive his equitable priority. I wonder why such a system could not be written into the bill?

Mr. RUSSELL. Mr. President, the bill is not so harsh in its provisions as one might be led to believe. It provides that each farm shall have an allotment of not less than one acre of peanuts. One acre is fixed as the minimum allotment. There is a provision in the bill for new producers. Two percent of the total quota is set up after a period of 3 years, and the bill specifically provides that the new producers shall have priority in the distribution of 2 percent of the total allotment. So, while the bill undoubtedly would prevent a new producer from planting all the peanuts he might choose to plant this year, under the terms of the bill he could eventually establish an allotment on his own lands.

With reference to awarding the acreage to a county and letting the county committee distribute it without regard to whether or not a particular farmer had ever produced any peanuts, I cannot conceive of anything that would cause more confusion or resentment against the bill than a provision of that kind. Of course, in dealing with a measure of this kind we must take into consideration the claims of the several States. The acreage allotment of each of the States is based upon the average they have produced for the past 5 years. The allotment goes down to the county. When the State receives its allotment each of the several counties within the State is awarded its allotment on the basis of what the county has planted to peanuts in the past 5 years. When we come down to the individual farmer, the allotment is awarded to the individual farmer on the basis of the peanuts he has produced in the past 5 years; and if we should change that system, in effect the Government would be saying to a man who had been producing peanuts for many years, "You must stop produc-

ing peanuts." I submit that it would be more inequitable to make a man stop producing peanuts than it would be to say to someone who had never planted any peanuts, "You cannot market your peanuts under the terms of this act and cause loss to farmers who have been growing peanuts for many years."

SUGAR QUOTAS

Mr. ELLENDER. Mr. President, I should like to call the attention of the Senate to an article which appeared in the Wall Street Journal on Wednesday, March 12, with respect to sugar. I quote therefrom as follows:

UNITED STATES OFFICIALS PREDICT INCREASE IN SUGAR QUOTAS—RISE OF AT LEAST 200,000 TONS BELIEVED NEEDED TO MEET DEMAND—MAY SET HIGHER PRICE CEILING

WASHINGTON.—An increase in sugar quotas is practically inevitable this year, officials of the Department of Agriculture said yesterday.

On the basis of figures available on October 30, 1940, quotas this year were reduced below last year's final determination to 6,616,817 tons. Sugar consumption last year was raised to over 6,900,000 tons, and by December 31 stocks were seriously depleted, sugar division officials said. A further reduction in sugar stocks took place in January.

If consumption continues at the present rate, the total for 1941 will be well above 7,000,000 tons, these officials believe, and "there might well be a shortage by the end of the year."

An increase of 200,000 tons in the quotas, together with present stocks, might be enough to meet this boost in consumption, although a still larger increase may be necessary, they said. These officials reported that the policy board is making a study to determine whether or not to increase the quotas, but they would not predict when the change will be made.

Rising sugar prices also may force the Department to increase quotas. The sugar division has interpreted the Sugar Act to mean that supplies must be regulated so that prices to consumers do not go above the level necessary to maintain the domestic sugar industry. Normally, officials said, this means that if the price were to go as high as 3.65 cents a pound—the ceiling indicated by Senator ELLENDER—quotas would be increased.

Mr. President, I am very much disturbed lest the Department should take the steps indicated in the article. I believe that all of us would agree that facts must have been produced to show that there is an ample amount of sugar available throughout the sugar-producing areas of this country, because no later than 3 or 4 weeks ago the Department of Agriculture saw fit to cut the acreage of beet-sugar-producing States by about 26 percent. The reason assigned for that action was that there was too much carry-over of sugar. Now there is talk about increasing the total continental sugar quota because there is allegedly a shortage in sugar. It is my belief that there is no actual shortage of sugar, but simply a theoretical shortage caused by the inability of some off-shore areas, particularly the Philippines, to fill their quota allotments because of a shortage in shipping bottoms. I contend that if anything is to be done with respect to the sugar quotas, we ought to have a redistribution, as it were, of the over-all quotas, so that domestic producers of sugar would have the right to produce and market more sugar in this

country. Certainly, any deficiency in these offshore quotas should be reallocated to the continental producers rather than increasing the over-all quota.

I believe, and I have contended for this proposition ever since I have been in the senate, that continental producers—that is, producers of sugarcane and sugar beets in the United States—ought to be permitted to produce at least 40 percent of our consumptive requirements. We are faced at this time with the situation that because the price of sugar has gone up a few points in the past 2 or 3 weeks, it is desired to stop the rise in price.

When the Sugar Act of 1937 was considered, it was my understanding, and the understanding of many Senators who supported its enactment, that it would produce a condition whereby raw sugar would sell for between \$3.35 and 3.65 per hundred. To my knowledge it has never reached that point since the fall of 1939 when war was declared in Europe. On the contrary the price of raw sugar has been held down, somehow, to as low as \$2.60. The price of raws was disastrously low during the fall of 1940 when the Louisiana sugarcane farmers were marketing their crop.

As I understood the bill, just about enough sugar was to be permitted to enter the country so that, when added to the amount we produce, the supply would be equal to our demand, and in that way prices would be maintained at a reasonable and fair level. However, it does not seem to have worked that way. Always more sugar than we could consume has been permitted to enter the country, and as a result, sugar prices have remained at abnormally low figures.

As I have just indicated, because of an increase in the price of sugar, a proposal is now under consideration, so I understand from this article, to let more sugar come into the United States, in the face of an abundance of sugar already on hand, and a further curtailment by the Department of continental sugar acreage. That does not make sense.

Mr. President, I believe that under the act as it is now written, if there be a shortage of sugar, because of lack of facilities to transport it, the Department could well make at this time a reallocation of sugar quotas, allotting the deficiencies of Hawaii and other domestic areas to continental producers, thereby giving the beet-sugar farmers of the West an opportunity to plant their full acreage this year, as they have done in the past; and, by the same token, the sugarcane-producing States should be permitted, and could be permitted, to plant and harvest more acreage in sugarcane. If that cannot be done under the law then it should be amended without delay. Certainly a reallocation of the Philippine quota should be made in accord with the provisions of a bill sponsored by the distinguished Senator from Colorado [Mr. ADAMS].

Last December the Department of Agriculture fixed 6,616,817 tons as the 1940 consumptive requirements of this country. That amount was distributed according to the formula set forth in the act, so that the domestic beet-sugar pro-

ducers were allotted 1,549,898 tons, and the mainland cane producers 420,167 tons. Lately, as I have just indicated, because of the large carry-over of sugar that the beet-producing area has on hand, a curtailment in 1940 sugar-beet acreage has been ordered. Colorado has been cut, I think, about 26 percent and—

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. JOHNSON of Colorado. The Senator has stated the case exactly. This cut is going to bring about the closing of perhaps four of our factories in Colorado, with a resultant complete upset of the whole community's economic situation, which in that State is built entirely around sugar. We have built our farming and our whole community right around the production of sugar; and yet we shall be compelled to close perhaps four factories and to curtail and shorten the season for all the other factories in Colorado.

Mr. ELLENDER. I am in sympathy with your farmers and you can depend on me to help to the best of my ability.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. LANGER. The same situation exists in North Dakota. Our production has been cut 17 percent.

Mr. ELLENDER. That is too bad. I hope Senators will take serious note of the situation. Let us get together at some time soon and consider a bill so that continental producers will obtain at least their just share of the sugar production necessary to meet our requirements. Why, Mr. President, under the present Sugar Act, the little islands of Hawaii, a group of islands you can almost jump across, get an allotment of 938,037 tons, and in addition to that the islands are permitted to produce 30,410 tons for local consumption. By the terms of the act continental producers are denied similar rights.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TYDINGS. The Senator said "the island of Hawaii." Does he mean the island of Hawaii or the Hawaiian Islands?

Mr. ELLENDER. I refer to the Hawaiian Islands as a group.

Mr. TYDINGS. Most people who go to Hawaii go to Honolulu, which is on the island of Oahu; but the island of Hawaii is the largest island in the group, and it is not so small that you can jump over it. It is a tremendously large island. While I am not taking issue with the Senator, nevertheless there are a number of good Americans living on those islands. They have rather fertile land, and they had that sugar business long before the Hawaiian Islands became part of the United States of America. When we annex a territory which we did not theretofore own, along with the advantages we perhaps must take the disadvantages, too; otherwise, the people of the Territory would not be so keen to ratify a treaty of annexation if it were to be a one-way treaty whereby we would get all the

benefits but would not accept any of the liabilities.

Mr. ELLENDER. I am inclined to agree with the Senator. But they are Americans, and there are no earthly reasons why they should be given a preferred status in the production of sugar.

Mr. SMITH. Mr. President, I desire to direct the Senator's attention to what was reported to me. I am not familiar with the sugar business, except as I eat sugar. Recently I was in Florida and I had occasion to go near the famous Everglades. I think one of the most complete sugar factories in the country is located there. That soil, which I was informed was not very hard to clear up, is anywhere from 6 feet to 15 feet deep, and I was told that it would produce cane of unusual perfection. I said: "Well, why don't you clear up this land and expand your sugar business?"

The reply was: "The Government will not allow us to do so."

Here we are importing sugar and having the facilities for growing it, and yet we allot our people a certain percent and we hand out the good-neighbor things. I suspect there are two or three "niggers" in this woodpile.

Mr. ELLENDER. Mr. President, I have been advocating a more equitable distribution of sugar production for continental United States ever since I have been in the Senate; and I believe conditions today are such that Senators ought to take heed of them, and that we should get together sometime soon and pass a bill to accord to our island possessions referred to by the Senator from Maryland treatment more nearly equal to that our own continental producers are receiving. I am not jealous of the Hawaiian Islands and Puerto Rico, and I want them to continue to share in our sugar market. But they are populated by Americans, and when we consider that under the quota Hawaii is permitted to devote more than 30 percent of her cultivable land to sugarcane, and Puerto Rico 23 percent, while the beet area is permitted to use only about 1 percent of its cultivable land for sugar beets, and the Louisiana-Florida area only about 13 percent of the land that can be put into cane, I contend that that is unjust. An adjustment should be made, and now is the time to do it.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. ADAMS. Mr. President, practically, the situation as to the islands is that their sugar quotas are as large as their production and exportations have ever been. On the other hand, as to the beet areas, their production is being forced down by regulations far below what it has been. In other words, there has been no quota taken from the islands, but in the case of the beet areas, this year the number of acres upon which sugar beets may be produced is being reduced from 980,000 to 820,000. That reduction was made upon the theory that there was in the warehouses of the United States an abnormal carry-over of sugar, and, in order to equalize that, the beet areas were told, "You must cut your production." Yet there is no cut in the

quotas or production of the islands; and particularly is it true of Puerto Rico that her sugar production has more than doubled in recent years. Hawaiian production has been going on about even, but I think, as the Senator from Maryland [Mr. TYDINGS] knows, Hawaii is producing almost to her maximum production, due to her land and water situation; so that if we were to say to Hawaii, "There is no quota imposed upon you," it would not make much change in Hawaiian sugar production.

Mr. ELLENDER. I intended to cover that point at some other time. I do not care to discuss the sugar situation at length this afternoon, but I desire simply to call attention of the Senators to this newspaper article and the effect of the proposal, if it should be carried through, on our own continental farmers.

As I pointed out to the Senator from Maryland awhile ago, in addition to the Hawaiian Islands being allotted 938,037 tons of sugar—

Mr. TYDINGS. That is what I wanted to refer to.

Mr. ELLENDER. They are permitted to produce 30,410 tons of sugar for their own domestic consumption. With respect to Puerto Rico, the inhabitants of that island are permitted to produce 797,982 tons and, in addition to that amount, are permitted to produce 69,052 tons for their own domestic consumption.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TYDINGS. I am not taking issue with the Senator. What I am trying to point out to him is, whether the division is right or wrong, there has to be a comprehension of the whole picture. What I desire specifically to call to the attention of the Senator is that of the more than 6,000,000 short tons of sugar used in the United States and its possessions, 1,000,000 tons, in round numbers, come from the Philippine Islands. That is about 16 or 17 percent of the total. The Senator knows we have already agreed on a policy affecting the Philippine Islands.

Mr. ELLENDER. Yes; and as I recall, the Senator from Maryland was the author of the bill providing for the independence of the Philippine Islands.

Mr. TYDINGS. I was; and of course we cannot, while they are still under our flag, cut their sugar quota, for so long as they are a part of the United States they have a right to their proportion of sugar. I do not say this is the right proportion, but they are entitled to share in the general picture.

Mr. ELLENDER. I do not deny that; I am not questioning that, but—

Mr. TYDINGS. Let me finish. However, in 1946, unless we change our policy, the Philippine Islands will be as foreign to the United States as, in a sense, occupied or unoccupied France may be today. They will have no rights in our market whatsoever unless we change the policy we have already adopted, making them free in 1946. When that day comes, there is going to be a void of 1,000,000 tons of sugar that will either have to come from the Philippine Islands after the payment of tariff duties to enable it to get into the

United States, or we will have to get it from some place in the United States or from some place that is now supplying sugar which will have to produce more.

The next thing I wish to point out to the Senator is that of the 6,600,000 tons produced in the United States and elsewhere for our consumption, 1,869,000 tons, or nearly 30 percent, of it comes from Cuba, which is not a part of the United States. So long as we allow the sugar to come in from Cuba—and I am not saying that it should not come in from there—then what remains must be prorated among the people of outlying as well as the continental parts of our country. There is no other way it can be done fairly.

Mr. ELLENDER. I agree with the Senator that proration should be made, but the difficulty is that the offshore producing areas have obtained the most of it in comparison to the producing areas of continental United States.

Mr. TYDINGS. Cuba has most of that.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. NORRIS. Referring to what the Senator from Maryland has said, if we are going to prorate sugar, why not prorate the sugar that is raised in foreign countries and let the people of this country produce all the sugar they can?

Mr. TYDINGS. I can answer that.

Mr. NORRIS. Everybody knows that if all those in the United States who can produce sugarcane and beets produced all they could, there still would be a shortage of sugar. In other words, fundamentally, we are wrong in trying to prevent our people from producing a commodity of which we know there is bound to be a shortage of production in the United States.

Mr. TYDINGS. There is a great deal in what the Senator from Nebraska says. However, when one attempts to go down that road, here is what is said, "Cuba is a great customer of American goods, and, therefore, unless we take her sugar she cannot buy our goods which we send there, and of which we likewise have a surplus;" but in these abnormal times we have still another hurdle to get over, because we are using money and will use more money to buy agricultural surpluses all over South America as a means of stabilizing defense in the Western Hemisphere. So, in normal times, if we were doing what the Senator from Nebraska suggests as one possibility, that would be one thing; but we are not only permitting the sugar to come in now but probably are going to buy more of that sugar as a means of relieving them of their surplus and in order to solidify the defense of the Western Hemisphere.

Mr. NORRIS. That is just what we have been doing.

Mr. TYDINGS. Yes; and we are going to do more of it.

Mr. NORRIS. I realize that, but it does not seem to me to be right; indeed, it seems to me to be fundamentally wrong, since we have in our own country thousands of people who are clamoring for the right to raise beets and cane, in order to produce sugar, but who, because of the quota arrangement could not sell

it if they produced it, and hence do not plant it. So as a practical proposition, today the beets are not planted, and there is an allotment of the number of acres which may be planted. If we had produced in the United States more sugar than we could consume, I could see the logic of prorating the amount of production of any State, of any factory, or any farm, but that is all out the window. Everybody knows if every farmer in our country produced without limit all the sugar which he could produce we would still be short more than half the sugar we consume.

Mr. ELLENDER. Mr. President, in that connection, I doubt if we could produce in any event more than 50 percent of our consumptive requirements.

Mr. NORRIS. I do not think we could produce that much.

Mr. ELLENDER. I do not think we could.

Mr. NORRIS. We are producing about one-third at the present time.

Mr. ELLENDER. To be exact, we are permitted to produce about 28 percent.

Mr. NORRIS. And it is admitted by everybody that there would be much more produced in the United States if the growers had the right to sell and the right to plant it. In the western part of this country there are thousands of acres on which farmers prefer to raise sugar beets to anything else. They have the proper kind of soil and everything there except an opportunity to plant beets and harvest a crop, which they are not allowed to do under the quota system.

Mr. ELLENDER. As I pointed out a few minutes ago, Mr. President, of all the large acreage in the West that could produce beets for sugar, about 1 percent of the land is now being utilized for that purpose, whereas Puerto Rico and Hawaii are permitted to utilize 23 and 31 percent, respectively, of the land that is available on those islands for the production of sugar. The proration is out of line and something should be done about it.

Mr. ADAMS. Mr. President—

Mr. ELLENDER. I yield to the Senator from Colorado.

Mr. ADAMS. I call the Senator's attention to the fact that while the production of sugar beets in the United States is being restricted by our Government, our Government is lending money to Cuba to increase the production of sugar in Cuba. That is hardly consonant with the furthering of a basic American industry.

The Senator from Louisiana knows that we have an opportunity temporarily to meet this distressing situation by reason of the fact that freights probably are not available from the Philippine Islands for bringing in their quota; and there is pending before the Finance Committee a bill which would change the existing law. The existing law provides that if the Philippine Islands fail to market their quota of sugar, the deficit shall be distributed not among American domestic producers but among foreign producers. The bill pending before the Finance Committee merely changes that arrangement so that if there is a deficit, the deficit shall be divided among the American

producers in whom we should have the greater interest.

I have been very hopeful that the Finance Committee would have a meeting at an early date and take up this matter. The subject has been taken up with the senior Senator from Mississippi [Mr. HARRISON], and we had assurances that there probably would be an early hearing before the Finance Committee. Now that the pressing matters before the Senate have been disposed of, I understand that the Senator from Mississippi, who is not well, is away from the city. I sincerely hope the senior Senator from Georgia [Mr. GEORGE], who is now in charge of the Finance Committee, will take over the problem of looking after the poor stepchildren in the sugar business, and will have a hearing and let us present the situation, and endeavor to relieve that pressing problem.

Mr. ELLENDER. I respectfully suggest that the Finance Committee hold hearings at once so that the Senate can act. As the Senator from Colorado knows, when he introduced his bill on the subject some time ago, I advocated its passage. I repeat that rather than increase the over-all quota, which would have the effect of forcing the already low prices of sugar to drop still lower, and making it so that farmers could not make any money on the production of sugar, I believe something ought to be done at an early date to redistribute the presently existing quota.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like to refer again to another vice that is inherent in the situation against which the Senator is correctly complaining.

When the Department of Agriculture reduces our sugar quotas this year 26 percent, that may result in a 100 percent reduction. This is what I mean: Sugar-beet farmers cannot raise sugar beets unless there are factories to process the beets. The factories cannot run unless they have enough acreage to make it profitable to run. What the Department of Agriculture has done in the State of Michigan is to make it almost impossible for any sugar-beet factory to run as a result of this final curtailment of the acreage. Therefore, the Department makes it impossible for any farmer to raise sugar beets. So while the curtailment is a 26 percent curtailment mathematically, on the face of things, it may become a 100 percent curtailment; and I think it is without the slightest justification. I completely agree that a decent consideration for agriculture ought to require the Senate to act.

Mr. ELLENDER. Mr. President, I sympathize with the condition of the beet growers. I am in thorough accord with what the Senator from Michigan has just said. My State of Louisiana and the State of Florida have been suffering in like manner for the past 3 years. Our production has been curtailed to such an extent that it has been extremely difficult for the average farmer in those States to produce cane to advantage. I do admit that the small,

one-horse farmer has not suffered much because of curtailment, but the medium-sized farmer has been subjected to tremendous cuts. In like manner the large producers have suffered.

Mr. WILEY. Mr. President—

Mr. ELLENDER. I yield to the Senator from Wisconsin.

Mr. WILEY. It seems to me the Senator from Louisiana has correctly stated the situation. I feel that he is right in his conclusions. I desire to make a suggestion to him, because I think it is an equitable consideration that should go into the picture.

We have been talking today about sugar beets and sugar obtained from cane. Certainly one of the primary reasons for allotting as much sugar as we have allotted to Hawaii and to Puerto Rico is because they need in their economic current the money that will come from the sale of their sugar.

I desire to call the Senator's attention to the fact that in these challenging times we are about to expend \$100,000,000 in Puerto Rico on the defense program. We shall spend probably two or three times that amount in Hawaii. We are stationing our fleet there, which is the same thing as putting into that area thousands of the best consumers in the world, who drop their salary checks into that community. We are taking money out of the economic current of the West, out of States like my own State, the State of Michigan, and the Senator's State of Colorado, in order to send it to Puerto Rico and Hawaii. Now that we have sent millions and hundreds of millions of dollars to those sections, it seems to me it is time for us to think about our own folks.

In my own community, a small town of 10,000 people, the policy has resulted in the shut-down and demolition of a sugar-beet factory, putting out of seasonal employment 300 persons. It has meant a loss to the community in taxation and in wages. As a result, it seems to me we are like the man who is always seeing the greener pastures away off instead of taking care, as the Scotsman says, of "our ain folk." "Our ain folk" should have the first consideration.

Mr. ELLENDER. I thank the Senator.

Mr. THOMAS of Idaho. Mr. President—

Mr. ELLENDER. I yield to the Senator from Idaho.

Mr. THOMAS of Idaho. I have been very much interested in the bill introduced by the Senator from Colorado [Mr. ADAMS] relative to the apportionment of any excess sugar that will not come into this country from the Philippines. A few days ago I made a statement on the floor of the Senate calling the attention of the Senate to the fact that the sugar-beet acreage of the West is being reduced, and that as a result of that cut the price of sugar is likely to skyrocket. Since I made that statement the price of sugar has gone up. There is a considerable surplus of sugar, but if the Philippine sugar cannot come into this country, the price of sugar will continue to go up.

I took up the matter with the Secretary of Agriculture. The Secretary of Agriculture made the cut of the beet acreage in January, at a time when it looked as

though we should have a surplus of sugar that must be disposed of in order to give the beet growers and the cane growers a fair price for their sugar next year. I think his intentions on the subject were good; but since that time boat space has become scarce, and the cost of shipment from the Philippines has increased, until now—while I have not the exact figures—instead of \$6 a ton I understand it costs \$20 or \$30 a ton to bring sugar in here, if the space can be obtained at all.

Mr. ELLENDER. It costs \$30 to bring it in from the Philippines.

Mr. THOMAS of Idaho. Yes.

I took up the matter with the Secretary of Agriculture, urging that he rescind the cut on sugar beets this year, and stating that if we had a surplus next fall, with the defense program we have on, such action would simply be an insurance to the sugar-consuming public that they would not have to pay exorbitant prices; but I was unable to get any results.

I have no criticism of the bill which has been introduced for the reapportionment of sugar. The point I am making is that the farmers in the sugar-beet areas will start to plant their beets in about 30 days; and by simply a stroke of the pen rescinding that cut the Secretary of Agriculture could again let us grow the amount of sugar that we grew last year; but, I have not been able to get any action on that matter. It will not take legislation to get immediate action on it.

As to the immediate urgency of securing legislation, I quite agree with the Senator. Last year we spent nearly all winter trying to get some kind of sugar legislation to take care of the situation, but we were not able to do it. All we were able to do was to get simply an extension of the present act. At this time it seems to me it is very important that the persons interested in the sugar industry get together and sponsor a program and urge action on it, so that we can finally get something done that will relieve the situation.

In conclusion, I desire to add that if the present sugar-beet policy of the administration is continued, we shall very probably not have any sugar industry left in this country.

Mr. ELLENDER. Mr. President, as I stated a few moments ago, I intend to go into more detail with respect to the subject of sugar at some future time. I rose this afternoon merely to call the attention of Senators to the article appearing in the Wall Street Journal. I feel that if the Department of Agriculture is unable under the existing law to make a proper distribution of this over-all quota which was fixed by the Secretary of Agriculture in December 1940, then Congress should act at once.

There is no shortage of sugar. The rise in price has not been due to a scarcity of sugar. There has been an increase in ocean freight rates, and some difficulty in transporting sugar to this country from the Philippines, Hawaii, and other off-shore areas, because of tension in the Far East and a shortage in shipping bottoms. But on the other hand, there is an excess of sugar in the

hands of continental producers, to such an extent that acreage has been drastically reduced by the Department.

I contend that if the Department takes action, because of the apparent scarcity, to increase the over-all quota by 200,000 tons, it will result in a decline in the price of sugar again. I do not feel that the Department is justified in taking action along those lines so long as raw sugar remains within the price range of \$3.35 to \$3.65, and until the deficiency of these off-shore areas has been reallocated to our continental producers. I believe the understanding we obtained from the Department in 1937, when the Sugar Act was passed was that the act would have a tendency to keep the price of raw sugar ranging from \$3.35 to \$3.65, and that that price was regarded as an equitable price to the farmers, and a just price to the consumers.

As I have stated, I hope that instead of increasing the quota the department will attempt to remedy the situation by the reallocation of the present quota, and if additional legislation is needed, let us get behind a bill whereby our over-all quota can be distributed so that our own producers will be allotted a more equitable amount of sugar acreage.

Mr. ANDREWS. Mr. President, I should like to ask the Senator from Louisiana a question.

Mr. ELLENDER. I yield.

Mr. ANDREWS. Is it not also true that the question of transportation enters into the consideration of this matter? We do not know what is to happen in the Far East. The Philippines furnish somewhere in the neighborhood of 16 or 18 percent of the sugar consumed in the United States, and are we not likely to get into such a situation, in view of what may happen in the Far East, that there will be a tremendous sugar shortage, the importations from the Philippines all being practically cut off, and that it will take 7 or 8 or 10 years to overcome that shortage?

Mr. ELLENDER. If the war continues and curtailment of continental production is continued, of course that result will follow. As the Senator from Michigan pointed out a few minutes ago, the further curtailment of production might sound the death knell of beet-sugar production in the West.

Mr. President, we in this country could easily survive on a 40-percent sugar ration if it became necessary, and that is why I have advocated since 1937 that by all means our continental sugar producers should be permitted to produce at least 40 percent of our requirements, and let the rest, the 60 percent, be distributed among offshore producers. I would, of course, favor and advocate that our island possessions be accorded a fair and just allotment of sugar production.

Mr. ANDREWS. Mr. President, apropos of what the Senator from Louisiana has been discussing, I have understood that about 80 percent of all the vessels bringing sugar from the Philippine Islands to the United States are under the registry of countries which within the past year have been subjugated by the Axis Powers. So that there would be only the few vessels which we might build or might charter from other countries to

bring sugar to us from the Philippines. That is something which we cannot now help. But I have always contended, and I know most of my colleagues on this floor interested in the production of sugar have contended, that continental United States should at some time put itself on a self-supply basis.

As has been said here today, about one-third of the sugar consumed in the United States comes from Cuba. We are always anxious to do all we can for that country, but it seems that if we try to accommodate or safeguard the other sugar-raising countries, our sugar growers will never be able, under our present program, to become self-sustaining, as they certainly should in order to safeguard this important food supply.

Sugar is a universal food. It is one of the most important foods we consume. It is a food which produces energy and is just as essential in time of war for the soldier and the sailor as is gunpowder.

Mr. President, I hope that at the present session some program will be presented and adopted which will be more equitable and fair to the sugar growers of the United States.

The PRESIDING OFFICER (Mr. ANDREWS in the chair). The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 3546) was read the third time and passed.

Mr. BANKHEAD. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Presiding Officer appointed Mr. BANKHEAD, Mr. ELLENDER, Mrs. CARAWAY, Mr. RUSSELL, and Mr. AIKEN conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3617) making deficiency and supplemental appropriations for the Army and Navy for the national defense for the fiscal year ending June 30, 1941, and for other purposes.

FOURTH SUPPLEMENTAL NATIONAL-DEFENSE APPROPRIATIONS—CONFERENCE REPORT

Mr. ADAMS. I submit the conference report on House bill 3617, making deficiency and supplemental appropriations for the Army and Navy for the national defense for the fiscal year ending June 30, 1941, and for other purposes. I ask

unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3617) "making deficiency and supplemental appropriations for the Army and Navy for the national defense for the fiscal year ending June 30, 1941, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 6, 7, and 8; and agree to the same.

ALVA B. ADAMS,
CARTER GLASS,
KENNETH MCKELLAR,
CARL HAYDEN,
JAMES F. BYRNES,
GERALD P. NYE,

Managers on the part of the Senate.

C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMET O'NEAL,
GEO. W. JOHNSON,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,

Managers on the part of the House.

The PRESIDING OFFICER. Is there objection to the consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. McNARY. Mr. President, will the Senator from Colorado yield to me?

Mr. ADAMS. I yield.

Mr. McNARY. May we not have a brief explanation of the report, and the reasons for the action on the part of the Senate conferees?

Mr. ADAMS. The appropriation bill as it came from the House provided for approximately \$1,400,000,000, divided between the Army and the Navy. The Senate made eight amendments to the bill. The conference committee agreed to all but one of the amendments, and the House has approved the action of the conference committee. The amendment on which the Senate conferees were unable to secure agreement was one offered by the junior Senator from Georgia [Mr. RUSSELL] providing for the creation of a plant site board for the selection of sites for naval activities within the country. The House conferees would not agree to that amendment, but all other Senate amendments were agreed to.

Mr. RUSSELL. Mr. President, I congratulate the Senator from Colorado and the other Senate conferees on having gained such an overwhelming victory. I regret that the only casualty sustained in the conference was the amendment which I offered, and which was unanimously approved by the Senate.

Mr. President, the amendment merely provided that none of the funds which were appropriated in the bill for the use of the Navy for the construction of factories and industries, should be expended unless the site had been selected and approved by a board composed of the

Director of the Office of Production Management, Mr. Knudsen, the Associate Director, Mr. Hillman, and the Agricultural Commissioner of the National Defense Advisory Commission, who happens to be Mr. Chester C. Davis. I was not wedded to the language of the amendment, and I apprehended that the conferees would perhaps go into the matter and change the language of the amendment with respect to the creation of that committee. But I do regret that the Congress has been so swept off its feet by the hysteria of the defense movement that we continue to appropriate hundreds of millions of dollars, and turn the money over to the departments of the Government, who are in turn working in some nebulous, uncertain way with the Office of Production Management in the location of these plants.

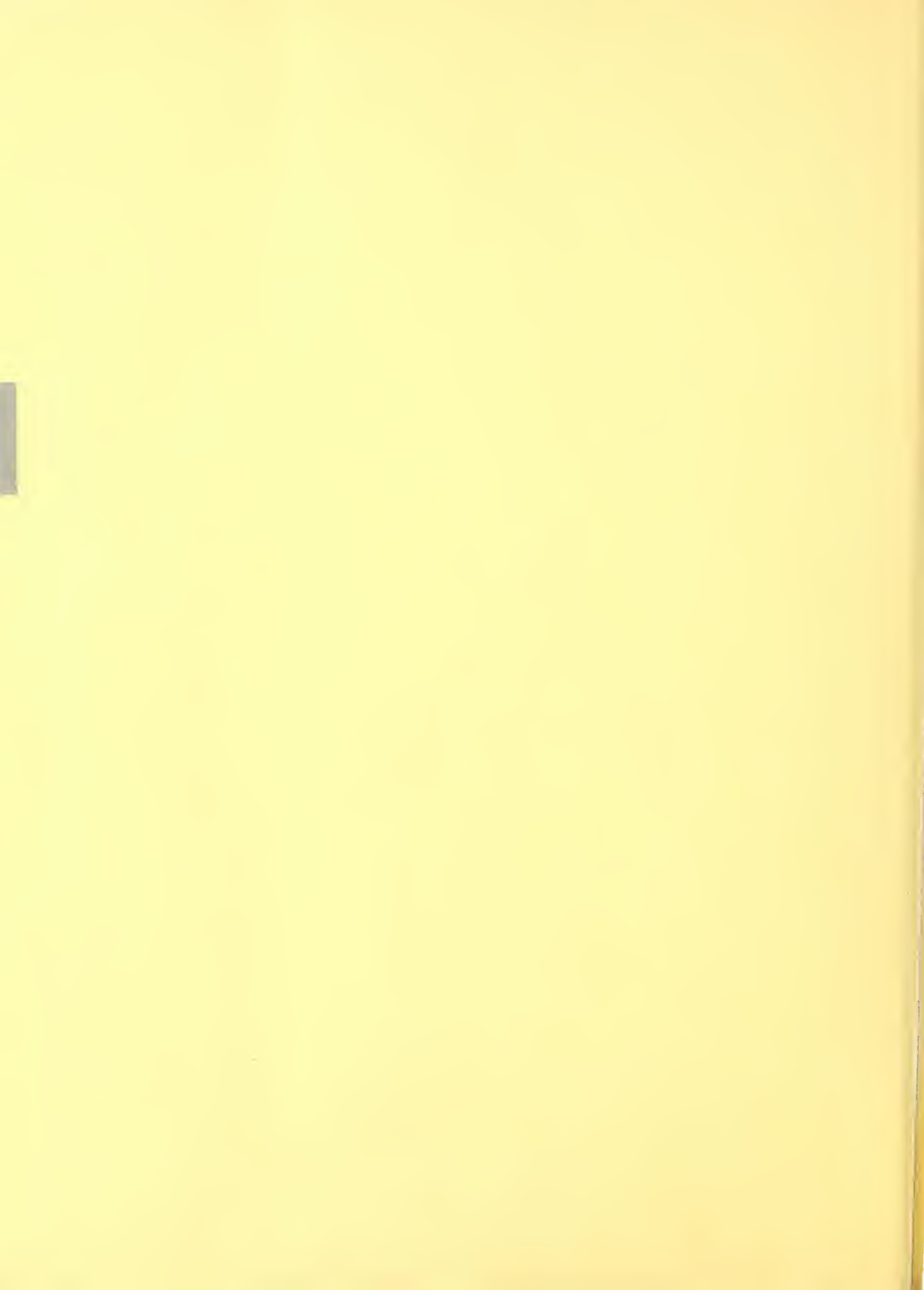
Mr. President, there will come a day of reckoning at some time concerning the manner of the expenditure of these funds. I hope there will be no waste, and I am sure that every effort is being made which can possibly be made to prevent any graft, or prevent any of these funds being used for purposes for which they were not intended to be used. But I do know that there should be somewhere in this Government an agency to which the Members of the Congress and the people of the United States can go and discuss the question of locating these sites.

Mr. President, I happened to notice a publication which the Defense Commission issues weekly which stated that in 1 week these departments had provided for the enlargement or construction of 285 different industries, producing everything from cords and ropes to the highest and most specialized instruments, such as compasses, field glasses, and other very important but highly specialized products that are essential in modern-day warfare. I know that many mistakes are being made in the location of these industries. They are all being piled up and centralized in sections which already have the major part of the industries of the country, and certain other sections of the country are receiving absolutely no consideration, and there is no place to which the Representatives from those sections can go to discuss these matters. Today we find the greatest "buck passing" contest in the world going on between the War Department and the Navy Department and the Defense Commission as to who does have any authoritative say-so with respect to the location of these plants.

The very least we could have done was to create some board with authority so that people who have been woefully discriminated against would at least have a place to go and present their problem. As it is now, there is not a Senator who knows where to go to discuss the location of these plants which are being paid for by all the taxpayers of the United States.

Mr. President, as I said, what is being done is to continue to pile industries on top of each other in sections which today already have most of the industries of the country. From States such as my State, and 15 or 20 other States of the Nation, all the skilled labor we have is being drawn out. When the program is

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AMENDING THE AGRICULTURAL ADJUSTMENT ACT TO
REGULATE INTERSTATE AND FOREIGN COMMERCE
IN PEANUTS

MARCH 19, 1941.—Ordered to be printed

Mr. FULMER, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany H. R. 3546]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: On page 3, line 19, of the Senate engrossed amendment, strike out the figures "90" and insert the figures 95; on page 4, line 8, of the Senate engrossed amendment, strike out the word "of" and insert the word *on*; on page 4 of the Senate engrossed amendment, strike out lines 14, 15, 16, 17, 18, and 19 and insert *Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts*; on page 5, line 3, of the Senate engrossed amendment, strike out the figures "90" and insert the figures 95; on page 6 of the Senate engrossed amendment, lines 5, 6, and 7, strike out the period after the word "year", insert a semicolon and strike out the following sentence "In the distribution of such increase of 2 per centum, preference shall be given to the claims of new producers"

and insert *Provided, in the distribution of such increases based on such excess acreage the total allotments established for new farms shall not be less than fifty per centum of such increases*; on page 10 of the Senate engrossed amendment after the word "basis" in line 10, insert *of the formula used in determining the parity price of peanuts as*; and on page 10 of the Senate engrossed amendment strike out all of lines 17, 18, 19, and 20; on page 10, line 8, of the Senate engrossed amendment, strike out the figures "52" and insert the figures 50; and the Senate agree to the same.

H. P. FULMER,
WALL DOXEY,
STEPHEN PACE,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

J. H. BANKHEAD,
ALLEN J. ELLENDER,
RICHARD B. RUSSELL,
HATTIE W. CARAWAY,
GEORGE D. AIKEN,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out the entire House bill and substituted as one amendment a new bill. However, the House bill and the Senate amendment are substantially the same. The Senate amendment restores to the bill an authorization for a diversion program.

The bill as it passed the House provided that neither the national acreage allotment nor the acreage allotments for any state could in the future be less than 95 percent of the 1941 allotments. The Senate amendment provides 90 instead of 95 percent, which we are advised was a typographical error, and the conferees agree to 95 percent as provided in the House bill. Another typographical error in the Senate amendment uses the word "of" when it should be "on" and that is corrected.

Section 358 fixes the acreage allotment for 1941 at 1,610,000 acres. The bill as passed in the House provides that the Secretary shall proclaim as the national marketing quota for 1941 a quantity of peanuts sufficient to provide an acreage in that amount. The Senate amendment merely provides that the Secretary shall proclaim a national marketing quota for 1941 without specifically stating the amount. The House language is substituted for the Senate language.

Both bills contain a provision that not to exceed 2 percent of the national acreage allotment for each year shall be provided for new farms. The Senate bill provides that in the distribution of this 2 percent preference should be given to the claims of the new producers. In lieu of that language, the conferees have agreed to an amendment providing that in the distribution of such increases, the allotments for new farms shall not be less than 50 percent of such increases.

The Senate bill provides that parity price of peanuts shall be on the basis now published by the Bureau of Agricultural Economics and the conferees agreed that instead of the word "basis", the amendment should read "basis of the formula used".

The Senate bill authorizes loans at rates of not less than 52 percent of the parity price and the conferees agree to reduce this minimum to 50 percent.

H. P. FULMER,
WALL DOXEY,
STEPHEN PACE,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.



Mar 24

The next amendment was, on page 38, after line 14, to insert:

AMENDMENT OF SECTION 219

SEC. 2. Section 219 of the Interstate Commerce Act, as amended, is amended to read as follows:

"Sec. 219. The provisions of section 20 (11) and (12) of this act shall apply with respect to common carriers by motor vehicle with like force and effect as in the case of those persons to which the provisions are specifically applicable."

The amendment was agreed to.

The next amendment was, on page 38, after line 21, to insert:

AMENDMENT OF SECTION 202 (C)

SEC. 3. Section 202 (c) of the Interstate Commerce Act, as amended, is amended to read as follows:

"(c) Notwithstanding any provision of this section or of section 203, the provisions of this part, except the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation and equipment, shall not apply—

"(1) to transportation by motor vehicle by a carrier by railroad subject to part I, or by a water carrier subject to part III, or by a freight forwarder subject to part IV, incidental to transportation or service subject to such parts, in the performance within terminal areas of transfer, collection, or delivery services; but such transportation shall be considered to be and shall be regulated as transportation subject to part I when performed by such carrier by railroad, as transportation subject to part III when performed by such water carrier, and as service subject to part IV when performed by such freight forwarder;

"(2) to transportation by motor vehicle by any person (whether as agent or under a contractual arrangement) for a common carrier by railroad subject to part I, an express company subject to part I, a motor carrier subject to this part, a water carrier subject to part III, or a freight forwarder subject to part IV, in the performance within terminal areas of transfer, collection, or delivery services; but such transportation shall be considered to be performed by such carrier, express company, or freight forwarder as part of, and shall be regulated in the same manner as, the transportation or service by railroad, express, motor vehicle, water, or freight forwarder to which such services are incidental."

The amendment was agreed to.

The next amendment was, on page 40, line 5, to strike out the heading "Effective dates", including the preceding quotation marks, and insert "Effective dates" without preceding quotation marks; at the beginning of line 6, to strike out "Sec. 415," including the preceding quotation marks, and insert "Sec. 4"; in line 12, after the words "provisions of", to strike out "this" and insert "such"; and at the end of line 13 to strike out "prescribe.", including the quotation marks following, and insert "prescribe", so as to read:

EFFECTIVE DATES

SEC. 4. Part IV of the Interstate Commerce Act shall take effect on date of enactment of this act except as therein otherwise provided: *Provided, however,* That the Interstate Commerce Commission shall, if found by it to be necessary or advisable in the public interest, by general or special order, postpone the taking effect of any of the provisions of such part to such time, but not beyond the 1st day of July 1942, as the Commission shall prescribe.

The amendment was agreed to.

Mr. REED. I ask that the clerks be authorized to renumber the sections.

The PRESIDING OFFICER. Without objection, it is so ordered.

That concludes the committee amendments.

Mr. REED. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is not a committee amendment.

The main part of the bill authorizes freight forwarders to use the carriers. Part I authorizes them to use the railroads, part II the motor carriers, and part III the water lines. However, the bill does not give authority to use air carriers. When there is great need for immediate movement it is necessary—or at least desirable—for the forwarders to use the air service, and they do use it regularly, so I have prepared the amendment which I now offer.

The PRESIDING OFFICER. The amendment offered by the Senator from Kansas will be stated.

The CHIEF CLERK. On page 29, line 6, it is proposed to change the period to a semicolon and add: "*And provided further,* That nothing in this part shall be so construed as to prevent a freight forwarder from utilizing the services of air carriers operating under the Civil Aeronautics Act of 1938 providing the published tariff rates are paid for all services rendered in accordance with rules and regulations of the Civil Aeronautics Board."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 210) was ordered to be engrossed for a third reading, read the third time, and passed.

DEFENSE HOUSING INSURANCE

Mr. BROWN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 140, House bill 3575, known as the defense housing insurance bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 3575) to amend the National Housing Act, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Michigan.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency, with amendments.

The PRESIDING OFFICER. The first amendment reported by the committee will be stated.

The CHIEF CLERK. On page 2, line 4, after the word "State", it is proposed to strike out the comma and "district, or Territory."

The amendment was agreed to.

The next amendment was, on page 2, after line 15, to insert:

"(d) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands.

The amendment was agreed to.

The next amendment was, on page 2, line 20, to strike out the words "(herein referred to as the 'Defense Fund')."

The amendment was agreed to.

The next amendment was, on page 4, line 6, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 4, line 10, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

Mr. McNARY. Mr. President, I desire to propound an inquiry to the able Senator from Michigan [Mr. BROWN]. Did not the Senator from Ohio [Mr. TAIT] desire to be present during consideration of the bill? I thought I had that understanding.

Mr. BROWN. I will say to the Senator that I told the Senator from Ohio, who is a member of the subcommittee handling this legislation, that I expected to take it up at the session of last Thursday. I rather thought that he would be present, and I do not have the slightest objection to the Senator's suggesting the absence of a quorum in order that he may be here. He has a great interest in the bill. I will say that the bill is unanimously reported both from the subcommittee and the full committee. There was no objection to it.

Mr. McNARY. I do not know that the Senator from Ohio has any objection. He spoke to me earlier in the day and inquired if the bill would come up; and I asked our able majority leader, who said he thought it would come up for consideration this afternoon.

Consequently, I understood that the Senator from Ohio desired to be present. At any rate, I should like to have the privilege of sending for him.

Mr. BROWN. Very well.

MARKETING QUOTAS FOR PEANUTS— CONFERENCE REPORT

Mr. BANKHEAD. Mr. President, I ask consent to call up the conference report on House bill 3546, submitted by me on the 20th instant.

The PRESIDING OFFICER (Mr. MURDOCK in the chair) laid before the Senate the conference report on House bill 3546, which was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: On page 3, line 19, of the Senate engrossed amendment, strike out the figures "90" and insert the figures "95"; on page 4, line 8, of the Senate engrossed amendment, strike out the word "of" and insert the word "on"; on page 4 of the Senate engrossed amendment, strike out lines 14, 15, 16, 17, 18, and 19 and insert "Notwithstanding any other provisions of this section, the Secretary shall

proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts"; on page 5, line 3, of the Senate engrossed amendment, strike out the figures "90" and insert the figures "95"; on page 6 of the Senate engrossed amendment, lines 5, 6, and 7, strike out the period after the word "year", insert a semicolon and strike out the following sentence "In the distribution of such increase of 2 per centum, preference shall be given to the claims of new producers" and insert "Provided, in the distribution of such increases based on such excess acreage the total allotments established for new farms shall not be less than fifty per centum of such increases"; on page 10 of the Senate engrossed amendment after the word "basis" in line 10, insert "of the formula used in determining the parity price of peanuts as"; and on page 10 of the Senate engrossed amendment strike out all of lines 17, 18, 19, and 20; on page 10, line 8, of the Senate engrossed amendment, strike out the figures "52" and insert the figures "50"; and the Senate agree to the same.

J. H. BANKHEAD,
ALLEN J. ELLENDER,
RICHARD B. RUSSELL,
HATTIE W. CARAWAY,
GEORGE D. AIKEN,

Managers on the part of the Senate.

H. P. FULMER,
WALL DOXEY,
STEPHEN PACE,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

The report was agreed to.

DEFENSE HOUSING INSURANCE

Mr. BROWN. Mr. President, I understand that contact has been made with the Senator from Ohio [Mr. TAFT] and that he has no objection to the consideration of the bill which was under consideration a few moments ago. I therefore ask unanimous consent that the Senate resume the consideration of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (H. R. 3575) to amend the National Housing Act, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the Committee on Banking and Currency.

The next amendment was, in section "603 (a)", page 5, line 3, after the word "before", to strike out "said date" and insert "July 1, 1942, or such earlier date, whichever first occurs."

The amendment was agreed to.

The next amendment was, on the same page, in subsection (2), to strike out "the construction of which is begun after January 1, 1941, and which is approved for mortgage insurance or defense housing insurance prior to the beginning of construction. Such obligation shall not exceed", and insert "which is approved for mortgage insurance or defense housing insurance prior to the beginning of construction, and (i) the construction of

which is begun after the date of enactment of this title, or (ii) the construction of which was begun after January 1, 1940, and prior to the date of enactment of this title, and which has not been sold or occupied since completion. Such principal obligation shall not exceed—"

The amendment was agreed to.

The next amendment was, on page 10, line 12, to correct the spelling of the word "property."

The amendment was agreed to.

The next amendment was, on page 11, line 19, after the word "mortgage", to insert "Provided, That the mortgagor shall not be released from such liability in any case until the Administrator is satisfied that the mortgaged property has been sold to a purchaser satisfactory to the Administrator, and that such purchaser has paid on account of the purchase price, in cash or its equivalent, at least 10 per cent of the appraised value of such property as determined by the Administrator as of the date the mortgage is accepted for insurance."

The amendment was agreed to.

The next amendment was, on page 12, line 13, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 13, line 10, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 13, line 15, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 15, line 25, after the word "of", to strike out "the obligation secured by the mortgage, unless such suit or action is commenced within 90 days after the claim with respect thereto has been transferred to the Administrator", and insert "any claim so assigned unless such suit or action is commenced within 6 months after the assignment of such claim to the Administrator, or within 6 months after the last payment was made to the Administrator with respect to the claim so assigned, whichever is later."

The amendment was agreed to.

The next amendment was, on page 17, line 7, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 17, line 11, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 18, line 1, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 18, line 6, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The next amendment was, on page 18, after line 21, to insert:

SEC. 4. (a) Section 201 of title II of such act, as amended, is amended (1) by striking out the words "district, or Territory" in subsection (a) of such section, and (2) by adding at the end thereof the following new subsection:

"(d) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands."

(b) Section 207 (a) of title II of such act, as amended, is amended (1) by striking out the words "district, or Territory" in paragraph (1) of such section, and (2) by adding at the end thereof the following new paragraph:

"(7) The term 'State' includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, and the Virgin Islands."

The amendment was agreed to.

The next amendment was, on page 19, line 14, after the word "Defense", to insert "Housing Insurance."

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the sections will be renumbered.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 3575) was read the third time, and passed.

Mr. BROWN. I move that the Senate insist on its amendments, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BANKHEAD, Mr. BROWN, and Mr. TAFT conferees on the part of the Senate.

Mr. BROWN. Mr. President, I ask unanimous consent that the report submitted by the Committee on Banking and Currency to accompany House bill 3575 be printed in the RECORD.

There being no objection, the report (No. 131) was ordered to be printed in the RECORD as follows:

REPORT TO ACCOMPANY H. R. 3575

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3575) to amend the National Housing Act, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The general purposes of the bill are set out in the following excerpt from the report of the House Committee on Banking and Currency (H. Rept. No. 169, 77th Cong., 1st sess.):

"GENERAL STATEMENT

"The bill as reported adds a new title to the National Housing Act, which, for a limited time and to a limited aggregate amount, makes eligible for 'defense-housing insurance' by the Federal Housing Administrator mortgages on residential properties in defense areas designated by the President.

"The magnitude of the defense-housing problem is such as to require the utmost speed in the production of dwelling accommodations at low cost in certain strategic areas. This can best be accomplished by the maximum use of the numerous builders of low-cost homes and by the use of private capital. This bill is not intended to apply to housing of a temporary nature or to those areas in which the need for housing will cease to exist after the emergency, but only to projects which are 'economically sound.'

"Although it is recognized that operations under this bill may result in a higher ratio of loss than has been the experience of the Federal Housing Administration to date in its normal business, the cost to the Government should not exceed, and may very well be considerably less than, the loss which would be incurred in the disposition, at the end of the emergency, of an equivalent number of housing units provided through the direct expenditure of Federal funds.

"In view of the somewhat increased hazard, the plan has been incorporated into a separate title, involving a separate insurance

figures are available, 1,656 fewer publishing plants where printing trades workers might secure or hold jobs; that the value added to the product of printing trades workers in 1933 was some \$1,700, or 15 percent less than that which prevailed in 1929, thus providing less revenue for the employer to use for the workers' pay roll, materials, taxes, and profit; that the cost of materials, per worker, used in the printing and publishing industry, in 1939, was \$406, or some 13½ percent higher than in 1929; that, in many instances, to make possible the continued publication the sales price of newspapers and magazines has been increased as high as 50 percent, thus transferring to the readers the costs previously derived from revenues from advertising which has been diverted to radio broadcasting.

We contend that there is a real difference between radio broadcasting and the publishing of a newspaper, magazine, or periodical. There are publications wherein the readers pay the entire costs of such publications. In other words, there are publications which do not carry any advertising and are wholly supported by the readers. No commercial radio broadcasting station at present operates other than those which are dependent upon advertising as their source of revenue and profits.

The real freedom of the press will continue only so long as newspaper, magazine, and periodical advertising is available at a fair price, or the reading public will agree to pay for such publications a price which will meet the costs otherwise met by advertising. The real freedom of the press is jeopardized whenever we find 294 publishers, in many cases, forced, through unfair competitive conditions in their trade areas, to purchase, at heavy costs, radio stations, thus becoming dependent upon the good will of a governmental agency to protect these investments, and, in order to assure the continued value of these radio investments, possibly subservient, even in their newspaper columns, to the wishes of a controlling and dominating governmental agency.

May we ask that you name some other governmental franchise holders who have yearly profited, as a class or a group, to the extent of a yearly net average of more than 0 percent on their cash investments? Also, that you suggest the names of other governmental franchise holders, who pay nothing to the Government for such monopolistic grants as a radio broadcasting license, and, who do not pay a substantial excise tax, in addition to other governmental taxes? Radio-broadcasting stations pay nothing to the Government or the monopolistic licenses which make possible yearly profits as high as 250 percent net on their cash investments.

Is it possible that your publication is unaware of the rebates and the granting of special discounts, as well as the sizeable discounts—as high as 50 percent—allowed to national advertisers and advertising agencies to promote radio advertising?

Is it possible that your publication is unaware that rebates and special discounts prevail in radio advertising? That "rebate to be 12½ percent of the gross billing (after deduction of special blue discounts, if any)" and "a discount of 25 percent in lieu of weekly quantity discounts and annual rebates will be allowed currently to advertisers whose contracted gross billings equal \$1,500,000 within a 12-month fiscal year." Weekly discounts and rebates of 12½ percent and annual rebates of 25 percent are also allowed advertisers on the red network. Also, "All network contracts for the same advertiser may be combined in computing discounts." We have not referred to the additional discounts or commissions which the advertising agencies receive from artists who participate in such network programs. The Federal Communications Commission's committee investigating radio monopoly recently reported that 90 percent of the programs broadcast over the networks are built by advertising agencies.

Is it possible that advertising agencies, aware of the rebates paid by the networks, with the further privilege of combining expenditures in computing discounts, do not become the direct purchasers of radio time, passing on the network listed costs to their advertising clients, thus, retaining for themselves the million of dollars annually paid by the networks in the form of discounts and rebates?

Illustrative of the under-the-table dealing and rebating which has resulted in diverting advertising from the printed page to radio broadcasting is found in the contract between the Columbia Broadcasting System and Paramount Pictures wherein Columbia agreed to provide Paramount with 260 nighttime hours of coast-to-coast network broadcasting, other than on Saturday, at the net cost to Columbia.

Is there no significance in the fact 15 advertising agencies listed more than 70 percent of total network advertising in 1940; that 12 advertising agencies, with total billings of \$33,701,412, in 1940 (65 percent of the total network billings), qualified for the 25-percent annual rebate from National Broadcasting Co., dividing among themselves proportionately a net of many millions of dollars more than they would have received had they placed such advertising in newspapers, magazines, and periodicals; that 5 additional advertising agencies, with listings of \$5,733,927, in 1940, most likely qualified for National Broadcasting Co.'s weekly rebate of 12½ percent?

Is there no significance in the fact that reports show that less than one-half of 1 percent of radio network advertising is placed direct; that advertising agencies collect commissions from a minimum of 15 percent to possibly 40 percent of the advertising dollar spent for 99½ percent of the advertising placed on the networks?

Might we also suggest that you point out, if possible, any class or group of publications which has netted, as has the Columbia Broadcasting System, more than 200 percent yearly in profits. Other instances might be cited.

While official reports of the 705 radio stations show yearly net profits of more than 60 percent, and, while one network yearly distributes dividends of more than 200 percent on invested capital, we find that these 705 stations reported officially to the Federal Communications Commission they employed, for a typical week of October 1939, on full and part time, a total of 2,175 executives, at an average weekly salary of \$77.32, and 17,431 wage workers. These wage workers received average weekly wages as follows: 3,158 highly skilled electrical operators \$37.73; 2,738 staff musicians \$37.74; 594 writers \$31.53; 2,191 other artists \$27.42; 1,836 miscellaneous workers \$21.53; and 1,580 clerks and stenographers \$20.53. It is interesting to note that 15 electrical operators, 44 staff musicians, 15 writers, 144 other artists, 102 miscellaneous workers, and 15 clerks and stenographers were not compensated for their services.

Realizing fully that your publication, dependent as it is upon the continued success of the American publishing industry, is desirous of helping to maintain and to insure the freedom of the press, as we are, and, mindful of the fact that we are all fallible, we sincerely trust that your publication will be able to suggest some other course which will make possible that which we all seek, namely, the continued freedom of the press from either governmental or other outside influence, and, at the same time, the employment at fair wages and under fair working conditions of those workers dependent upon the publishing industry for a livelihood, with a fair return to those who have invested their capital in such publications.

Trusting that we may be favored with a prompt response to this inquiry,

Sincerely yours,

JOHN B. HAGGERTY,
President.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein the letter to which I have referred.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

INTERSTATE AND FOREIGN COMMERCE IN PEANUTS

Mr. PACE. Mr. Speaker, I call up the conference report on the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, this is a matter in which the gentleman from Kansas [Mr. HOPE] is interested; and he is here?

Mr. PACE. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: On page 3, line 19, of the Senate engrossed amendment, strike out the figures "90" and insert the figures "95"; on page 4, line 8, of the Senate engrossed amendment, strike out the word "of" and insert the word "on"; on page 4 of the Senate engrossed amendment, strike out lines 14, 15, 16, 17, 18, and 19 and insert "Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts"; on page 5, line 3, of the Senate engrossed amendment, strike out the figures "90" and insert the figures "95"; on page 6 of the Senate engrossed amendment, lines 5, 6, and 7, strike out the period after the word "year", insert a semi-colon and strike out the following sentence "In the distribution of such increase of 2 per centum, preference shall be given to the claims of new producers" and insert "Provided, in the distribution of such increases based on such excess acreage the total allotments established for new farms shall not be less than fifty per centum of such increases"; on page 10 of the Senate engrossed amendment after the word "basis" in line 10, insert "of the formula used in determining the parity price

of peanuts as"; and on page 10 of the Senate engrossed amendment strike out all of lines 17, 18, 19, and 20; on page 10, line 8, of the Senate engrossed amendment, strike out the figures "52" and insert the figures "50"; and the Senate agree to the same.

H. P. FULMER,
WALL DOXEY,
STEPHEN PACE,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

J. H. BANKHEAD,
ALLEN J. ELLENBER,
RICHARD B. RUSSELL,
HATTIE W. CARAWAY,
GEORGE D. AIKEN,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3546) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out the entire House bill and substituted as one amendment a new bill. However, the House bill and the Senate amendment are substantially the same. The Senate amendment restores to the bill an authorization for a diversion program.

The bill as it passed the House provided that neither the national acreage allotment nor the acreage allotments for any State could in the future be less than 95 percent of the 1941 allotments. The Senate amendment provides 90 instead of 95 percent, which we are advised was a typographical error, and the conferees agree to 95 percent as provided in the House bill. Another typographical error in the Senate amendment uses the word "of" when it should be "on" and that is corrected.

Section 358 fixes the acreage allotment for 1941 at 1,610,000 acres. The bill as passed in the House provides that the Secretary shall proclaim as the national marketing quota for 1941 a quantity of peanuts sufficient to provide an acreage in that amount. The Senate amendment merely provides that the Secretary shall proclaim a national marketing quota for 1941 without specifically stating the amount. The House language is substituted for the Senate language.

Both bills contain a provision that not to exceed 2 percent of the national acreage allotment for each year shall be provided for new farms. The Senate bill provides that in the distribution of this 2 percent preference should be given to the claims of the new producers. In lieu of that language, the conferees have agreed to an amendment providing that in the distribution of such increases, the allotments for new farms shall not be less than 50 percent of such increase.

The Senate bill provides that parity price of peanuts shall be on the basis now published by the Bureau of Agricultural Economics and the conferees agreed that instead of the word "basis", the amendment should read "basis of the formula used."

The Senate bill authorizes loans at rates of not less than 52 percent of the parity price and the conferees agree to reduce this minimum to 50 percent.

H. P. FULMER,
WALL DOXEY,
STEPHEN PACE,
CLIFFORD R. HOPE,
J. ROLAND KINZER,

Managers on the part of the House.

Mr. PACE. Mr. Speaker, this is a unanimous report of the conferees. Unless there are some questions, I shall move the previous question.

Mr. HOPE. Mr. Speaker, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Kansas.

Mr. HOPE. I believe the gentleman should give a brief explanation of the conference report. One or two changes have been made, and I think they should be explained to the House.

Mr. PACE. The majority of the changes are entirely clerical, representing correction of language. The only substantial change made by the Senate was to authorize diversion of the program. In the bill, as passed by the House, loans were authorized from 52 percent to 75 percent of parity. The conferees agreed to reduce the minimum figure from 52 percent to 50 percent, which will have the effect of authorizing a lesser loan than was authorized by the bill as passed the House.

Mr. Speaker, I move the previous question on the report.

The previous question was ordered.

The conference report was agreed to. A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting a short newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to address the House on tomorrow for 15 minutes after the disposition of matters on the Speaker's desk and the completion of the legislative program of the day.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow, after the legislative program and any matters on the Speaker's table, I may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. FITZGERALD, for 4 days, on account of official business.

To Mr. FORAND, indefinitely, on account of illness of his mother.

THE DEFENSE PROGRAM—A GOLD MINE FOR THE GRAFTERS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, apparently all the grafters, the professionals, and the amateurs, who tried to grow rich out of prohibition, like vultures and hyenas, are taking advantage of the national apprehension and the workers' necessity to raid the National Treasury, increase the cost of national defense, and take the necessities of life from the families of loyal Americans who would work in defense of their country. The safety of our country means nothing to the racketeers, who are harbored and housed by both the A. F. of L. and the C. I. O.

EXPLOITING MEMBERS OF RIVAL UNIONS

Long have some labor leaders traded on and benefited by, every man's sympathy for and desire to help those who earn a livelihood through physical toil. Digging up and robbing the dead, buried in a cemetery, is a mild and comparatively harmless pastime as compared with these hyenas and vultures who know neither humanity nor patriotism. Bloodsuckers and leeches, they not only weaken the Nation as a whole but they would, if they could, suck the very blood from the veins of those who must work if they would eat. And they prey upon the members of rival unions as relentlessly as upon nonunion men.

CONGRESS REFUSES TO SUPPLY REMEDY

For months this vicious and detestable thing has been carried on in a wholesale manner. A bill to stop this practice was offered by me so long ago—November 2, 1940—that it seems ancient history. I was reintroduced on January 10.

If any Member of this House is unaware of the practice or the remedy offered, it is not my fault. The press from day to day has carried news of the evidence of the racketeering as it spread from place to place. At last editors of the great dailies have decided that even loyalty to this administration will not permit them to remain silent while the very foundation of the Nation is undermined. The Sunday papers, almost without exception, commented upon the situation editorially.

INVESTIGATION RESOLUTION WEDNESDAY

Wednesday next the Rules Committee of the House will have an opportunity to pass upon a resolution which was offered asking for an investigation of the situation here in the District. That resolution should be extended to cover at least Maryland and Virginia, and it is my hope that the Members of the House will support that resolution before the committee.

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[PUBLIC LAW 27—77TH CONGRESS]

[CHAPTER 39—1ST SESSION]

[H. R. 3546]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in peanuts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after part V of subtitle B thereof the following new part:

“PART VI—MARKETING QUOTAS—PEANUTS

“LEGISLATIVE FINDINGS

“SEC. 357. The production, marketing, and processing of peanuts and peanut products employs a large number of persons and is of national interest. The movement of peanuts from producer to consumer is preponderantly in interstate and foreign commerce, and, owing to causes beyond their control, the farmers producing such commodity and the persons engaged in the marketing and processing thereof are unable to regulate effectively the orderly marketing of the commodity. As the quantity of peanuts marketed in the channels of interstate and foreign commerce increases above the quantity of peanuts needed for cleaning and shelling, the prices at which all peanuts are marketed are depressed to low levels. These low prices tend to cause the quantity of peanuts available for marketing in later years to be less than normal, which in turn tends to cause relatively high prices. This fluctuation of prices and marketings of peanuts creates an unstable and chaotic condition in the marketing of peanuts for cleaning and shelling and for crushing for oil in the channels of interstate and foreign commerce. Since these unstable and chaotic conditions have existed for a period of years and are likely, without proper regulation, to continue to exist, it is imperative that the marketing of peanuts for cleaning and shelling and for crushing for oil in interstate and foreign commerce be regulated in order to protect producers, handlers, processors, and consumers.

“MARKETING QUOTAS

“SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted

for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be quantity of peanuts sufficient to provide a national acreage allotment of not less than 95 per centum of that established for the crop produced in the calendar year 1941.

“(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. Notwithstanding any other provisions of this section, the Secretary shall proclaim a national marketing quota with respect to the crop of peanuts produced in the calendar year 1941 equal to the minimum quota provided for said year in subsection (a) hereof and shall provide for the holding of a referendum on such quota within thirty days after the date upon which this Act becomes effective, and the State and farm acreage allotments established under the 1941 agricultural conservation program shall be the State and farm acreage allotments for the 1941 crop of peanuts.

“(c) The national acreage allotment shall be apportioned among States on the basis of the average acreage of peanuts harvested for nuts in the five years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut-acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: *Provided*, That the allotment established for any State for any year subsequent to 1941 shall be not less than 95 per centum of the allotment established for such State for the crop produced in the calendar year 1941: *Provided further*, That for the second or third year of any three-year period in which marketing quotas

are in effect the acreage allotment for each State for such year shall be increased above or decreased below the allotment for the State for the immediately preceding year by the same percentage as the national marketing quota for such year is increased above or decreased below the national marketing quota for the preceding year.

“(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm until the third year following the year in which such excess acreage is harvested and the total increases made in farm-acreage allotments in any year based on such excess acreage shall not exceed 2 per centum of the national acreage allotment for such year: *Provided*, That in the distribution of such increases based on such excess acreage the total allotments established for new farms shall not be less than 50 per centum of such increases. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm. ✓

“MARKETING PENALTIES

“SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty of 3 cents per pound, except as provided in subsection (b) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment

of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. If, in the course of marketing, any peanuts produced on one farm are falsely identified by a representation that such peanuts were produced on another farm, or, if there is a failure to make a report of the disposition of peanuts available for marketing from any farm, each person participating in the false identification of the peanuts or failing to make a report of the disposition of such peanuts as required by regulations issued by the Secretary shall be subject to a penalty of \$25 for each acre, or fraction thereof, of peanuts harvested in excess of the farm-acreage allotment for the farm on which such peanuts were produced and such penalty shall be in addition to any other penalty due hereunder.

"(b) Payment of the penalty of 3 cents per pound upon the marketing of peanuts as provided in subsection (a) above will not be required if such excess peanuts are delivered to and marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency for crushing for oil under a sales agreement approved by the Secretary, or for cleaning and shelling at prices not less than those established under any peanut-diversion or peanut-loan program operated by the Secretary. For all peanuts so delivered under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts the market value thereof for crushing for oil as of the date of such delivery, less the estimated cost of storing, handling, and selling such peanuts. Any person who acquires peanuts for crushing for oil under the provisions of this subsection, and who uses or disposes of such peanuts for purposes other than for crushing into oil, shall pay a penalty of 3 cents per pound upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both. Operations under this subsection shall be carried on under regulations prescribed by the Secretary, and the operations of any agency designated to receive and market peanuts may be separate from or combined with operations of other agencies.

"(c) The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.

"(d) The word 'peanuts' wherever used in this Act means peanuts which are picked and threshed by mechanical means, whether such peanuts are picked and threshed before or after marketing by the producer.

"(e) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-diversion program or peanut loan shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, either a peanut-diversion program or a peanut-loan

program, or both, shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, farmer cooperatives, and farmer associations, only on the marketing quota for each farm, at rates not less than 50 per centum and not more than 75 per centum of the parity price of peanuts as of the beginning of the marketing year (which parity price shall be on the basis of the formula used in determining the parity price of peanuts as published by the Bureau of Agricultural Economics in *The Agricultural Situation*, volume 25, number 1, January 1941), and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions of this subsection shall apply as though such referendum had been held in the calendar year 1940.

“(f) There is hereby authorized to be appropriated, each fiscal year beginning with the fiscal year 1941, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes set forth in this part and for the expenses of administering this part.

“(g) The provisions of this section shall not apply to nor interfere with the inauguration or the operation of any program approved by the Secretary pursuant to authority contained in existing law designed to establish new uses for peanuts and peanut products or expand markets for peanuts and peanut products.”

SEC. 2. Paragraph (1) (B) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the word “cotton” the words “or peanuts”.

SEC. 3. Paragraph (6) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by adding the following new paragraph:

“(C) ‘Market’, in the case of peanuts, means to dispose of peanuts, including farmers’ stock peanuts, shelled peanuts, cleaned peanuts, or peanuts in processed form, by voluntary or involuntary sale, barter, or exchange, or by gift *inter vivos*.”

SEC. 4. Section 361 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word “cotton” the word “peanuts” and a comma.

SEC. 5. Subsections (a) and (b) of section 371 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, are amended by inserting after the comma following the word “rice” the word “peanuts” and a comma.

SEC. 6. Subsection (a) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word “rice” wherever it appears in the first sentence thereof the word “peanuts” and a comma, by striking out the word “and” following the word “producers” in such first sentence; and by striking out the period at the end of such first sentence and inserting in lieu thereof a comma and the following: “all brokers and dealers in peanuts, all agents marketing

peanuts for producers, or acquiring peanuts for buyers and dealers, and all peanut growers' cooperative associations, all persons engaged in the business of cleaning, shelling, crushing, and salting of peanuts and the manufacture of peanut products, and all persons owning or operating peanut-picking or peanut-threshing machines."

SEC. 7. Subsection (b) of section 373 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

SEC. 8. Section 374 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "cotton" the word "peanuts" and a comma.

SEC. 9. Subsection (a) of section 375 of subtitle C of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting after the comma following the word "rice" the word "peanuts" and a comma.

Approved, April 3, 1941.

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